

# FINANCIAL TIMES

No. 27,552

Saturday May 6 1978

\*\* 15p

**LAING**  
MANAGEMENT  
IN  
CONSTRUCTION

PROPERTY VALUATIONS

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CONTINENTAL SELLING PRICES: AUSTRIA S.15; BELGIUM F.35; DENMARK K.35; FRANCE F.38; GERMANY DM.2; ITALY L.50; NETHERLANDS FL.2; NORWAY K.3.5; PORTUGAL Esc.28; SPAIN Ptas.40; SWEDEN K.3.25; SWITZERLAND F.2.1; EIRE 15p

## NEWS SUMMARY

### GENERAL

#### Moro 'about to be killed'

Brigades terrorists said last night that they were carrying out the sentence "on the spot" on the former Italian Prime Minister Aldo Moro, who was kidnapped on March 16 and "condemned to death" by the self-styled People's Court. There were no firm indications in the latest communiqué—found in Rome, Milan and Genoa after anonymous calls to newspaper offices—that Sig. Moro was already dead. The communiqué, regarded as authentic, came shortly after a security meeting presided over by Prime Minister Andreotti had reaffirmed the Government's refusal to deal with the terrorists, who want 13 prisoners released. Page 2

#### Attack on FT Dublin office

The Dublin office of the Financial Times was attacked yesterday, apparently by supporters of the Provisional IRA protesting over the lack of political status for IRA prisoners in the so-called H-blocks at the Maze Prison, Northern Ireland. A cleaning woman answered a knock on the door and was rushed by four men, who, police say, spoke with Dublin accents. In the struggle the woman was hit in the face, and, after the attack was taken to hospital suffering from shock.

No Financial Times staff were in the office at the time but the raiders broke open files, poured oil on some of them, and scattered feathers. They also used aerosol in sprays to paint slogans on walls, stairways and hallway. Among the slogans were "POW for Provisional prisoners" and "Victory for H-blocks".

H-blocks, so-called because of their shape, consist of ordinary prison-cell accommodation to which newly-convicted terrorists are sent, under normal prison rules, as distinct from the previous use of compounds and special political status. A number of prisoners in the H-blocks are protesting against this loss of political status by refusing to wear prison clothes, work, or wash.

Mason visits Dublin, Back Page

Sir Neil Cameron, Chief of the Defence Staff, told Mr. Fred Mulley, Defence Secretary, that he had no intention of breaking Whitehall convention with his "Moscow is an enemy" remark in Peking. Sir Neil's meeting with Mr. Mulley was said to be "amiable" and there was no question of "knuckles being rapped".

#### MP to retire

Mr. Cledwyn Hughes, MP for Anglesey and chairman of the Parliamentary Labour Party, said that he would not fight the seat of the next General Election. Hughes, 61, has represented Anglesey for 27 years and held Cabinet office between 1968 and 1970.

#### Heath plan

Mr. Edward Heath, former Conservative Prime Minister, has put forward a comprehensive plan whereby the EEC would give a lead in international affairs after what he called "the withdrawal of the U.S. from major world problems." Page 3

#### Briefly...

Two men will appear at Birkenhead court today charged with the murder of two elderly spinster sisters, found dead at their home in Wallasey, Cheshire. A total of £73,156 was realised in Stanley Gibbons' two-day auction of British Empire stamps. Austria and Hungary are to abolish visas for citizens travelling between the two countries from January 1.

#### CHIEF PRICE CHANGES YESTERDAY

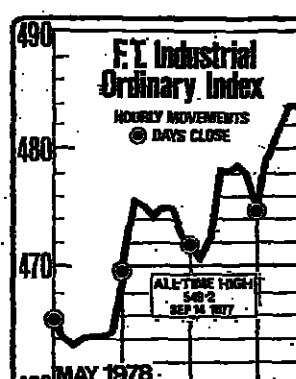
(Prices in pence unless otherwise indicated)

RISERS	FALLS
Excheq. S. 1981-1986	100 + 12
Treasury 1981-1986	100 + 12
AB Electronic	102 + 11
Assed P. Cement	232 + 7
BAT Inds.	664 + 9
Beecham	118 + 5
Barton A.	164 + 8
City Hotels	120 + 7
Ever Ready	154 + 5
GKN	264 + 0
Healey	126 + 0
Home (Charu)	148 + 11
Metal Box	220 + 9
Mortgage	164 + 8
Phoenix Ins.	266 + 12
Pukon	477 + 12
Rockware	120 + 6

### BUSINESS

#### Equities up 6.9; Gilts advance

Equities advanced for the fourth day running as institutional buyers found the market still short of stock. At noon the FT Ordinary index was at its



best at 483.7, but closed with a gain of 6.9 at 481.5 on profit-taking. The gain over the last four days was 15.8.

GILTS advanced on a broad front and the Government Securities index closed 0.33 up at 71.73.

STERLING closed 10 points down at \$1.8275 in quiet trading and its trade-weighted index remained unchanged at 61.5. The dollar improved a little and its depreciation narrowed to 5.29 per cent. (5.36).

GOLD lost \$1 to \$173½ in London and the New York Comex May settlement price was 10 points down at \$173.30.

WAL STREET closed 4.65 up at 829.09.

LONDON traded options market had its busiest day so far, with 853 contracts recorded. Page 2

INDIA sold nearly half a tonne of gold—much less than expected—at its first auction, at prices well above world market price.

PORTUGAL has devalued the escudo by 61 per cent., as part of an agreement with the IMF to help to cure the country's balance of payments deficit. Back Page

#### Support for Speke workers

BRITISH LEYLAND shop stewards combine has given full support to the 3,000 workers at Speke if they continue to fight the plant's proposed closure. Back Page

SHELL oil terminal white-collar workers, who have been on strike for two weeks over pay, agreed a formula for a return to work. Page 4

AUEW has decided to press for a minimum wage rate for skilled men of £80 a week. A Left-wing move to make the pay target £100 was defeated. Back Page

U.S. UNEMPLOYMENT figures dropped to 5.86m. last month, the lowest since October 1975, and ahead of official targets. Page 2

CONSOLIDATED GOLD FIELDS has agreed to maintain pumping water from the Mount Wellington tin mine, giving the Government more time for discussions on keeping the Wheal June mine open. Page 4

#### COMPANIES

HUNTING GIBSON revaluation of ships not on long-term charter has disclosed a \$4.23m. loss, which together with effects of the worldwide depression in shipping has resulted in a loss of \$4.72m. for 1977, compared with a profit of £7.8m. Page 18 and Lex

SOUTHERN CONSTRUCTION recorded a loss of £1.5m. during 1977 compared with a pre-tax profit of £159,713. Page 18

## Laker faces fight over Los Angeles Skytrain licence

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A fierce battle over air services between London and Los Angeles is likely this summer, after a Civil Aviation Authority decision yesterday to grant Laker Airways the right to operate a cut-price Skytrain service between the two cities.

At the same time, the licence held by British Caledonian Air-ways to New York—and intends to spread \$85m. (over £40m.) on two long-range McDonnell Douglas DC-10-30 airliners.

The authority's decision authorises Laker to offer an £84 single fare to Los Angeles in the low season, and £96 single in the peak, compared with the present Budget and Stand-By rates on scheduled services of £89 single in the low season and £99 in the peak.

Flights from Los Angeles to London will cost \$220 in the low season and \$248 in the peak. The existing economy-class single fare is £289.50 (£339 return) in the low season and £307 single (£364 return) in the peak, while the Advanced Purchase (Apex) rates range between £235.50 and £312.50 according to season.

Laker's fare will be the cheapest in the market. British Airways this summer will offer a new "Pound Stretcher" fare of between £220 and £249 return, according to season.

Laker still has to be formally designated on the route by the U.K. Trade Department and the U.S. Government.

The airline hopes to start flights on September 26—the first anniversary of the Skytrain rights to New York—and intends to spread \$85m. (over £40m.) on two long-range McDonnell Douglas DC-10-30 airliners.

Eventually, it may also buy two Boeing 747s with Rolls-Royce engines, costing more than \$140m. (over £70m.). It became clear yesterday that Laker Airways is in for a fight this summer.

British Caledonian reacted bitterly to the proposed loss of its Los Angeles licence, although it has not flown that route since its economic problems in 1974 obliged it to withdraw.

Mr. Adam Thomson, British Caledonian chairman, described the authority's decision as "a serious and inexplicable error of judgment, claiming that the case put up by Laker was unsupportable, and had 'completely evaporated' during the earlier public hearing into the new route applications this spring."

Mr. Thomson told Laker: "Don't count your chickens before they are hatched" adding that British Caledonian intended to "appeal strongly" to Mr. Edmund Dell, Secretary for Trade, against "this erroneous decision."

Approved finally by both parent Boards, BATS is paying a considerable premium above Appleton's net asset value, which in the last balance sheet was shown as around \$115m. (£63m.).

Mr. Symons said that BATS was also buying important technical know-how and a world-wide reputation.

Wiggins Teape still uses some of the techniques developed by Appleton under the licence agreements while have pre-manufacturing in the U.S., and which still have about three years to run.

NCR said yesterday that it wanted to sell off Appleton, which also makes coated paper for graphic uses in order to concentrate its resources on developing its data processing equipment and other business machine interests.

It is planned that the deal should take effect from June 30. Lex, Back page

## BAT Industries to spend £153m. on U.S. company

BY DAVID LASCELLES IN NEW YORK AND ANDREW TAYLOR IN LONDON

BAT INDUSTRIES is to spend £153m. to break into the U.S. paper making market. It has agreed terms to buy Appleton Papers, the specialist business paper manufacturing arm of the NCR group.

The most important aspect of Appleton's business is making carbonless copying paper, at which it claims to be world leader.

Last year the American company's sales rose to a record \$234m. (£128) and pre-tax profits to \$97m. (£20m.).

BATS is to finance the purchase from its cash resources. It will be the group's second major acquisition in the U.S. within a year. Last year it paid \$141m. (£77m.) for the overseas rights to the Lorillard cigarette range, which includes the Kent brand.

BATS' own specialist paper-making activities, under the banner of Wiggins Teape, have been precluded from entering the U.S. market because of

licences agreements with Appleton. Mr. Edward Symons, a deputy chairman of BATS, said in London last night that Appleton held about 10 per cent. of the U.S. business forms market. He prospectively for the U.S. carbonless was particularly excited at the copying paper market.

About 75 per cent. of Appleton's output is in carbonless paper, which NCR developed as ancillary to its production of computer and other business equipment. About 20 per cent. of Wiggins Teape world output is in carbonless paper.

Some observers in the U.S. believe that BATS has chosen a difficult time for its entry into the U.S. market. Prices are expected to decline in the face of stiffer competition and recent technical developments. One New York analyst described the business paper market as "in considerable turmoil."

The deal has still to be



MR. FREDDIE LAKER  
Looking to new horizons

British Caledonian would not comment further, but it is understood that if it gets no satisfaction from Mr. Dell, it may consider taking the matter further—which can only mean legal action.

Privately, British Caledonian recalls that Laker Airways finally won its Skytrain rights to New York only through legal action.

Continued on Back Page

## Raid may hit Namibia settlement

BY OUR FOREIGN STAFF

SOUTH AFRICA'S military incursion into Angola was widely condemned last night amid signs that efforts to reach a settlement in Namibia, now widely regarded as a crucial precondition for breaking the deadlock over Rhodesia, may have received a setback.

The U.S. has expressed its "grave concern" to South Africa and asked for an urgent explanation. Dr. David Owen, the Foreign Secretary, said that the U.K. was "dismayed" at the raid and called for speedy appointment of a special representative by the UN Security Council to start the independence process.

Dr. Owen said that it would be a tragedy if South Africa, having accepted proposals for UN-supervised elections in Namibia, now threw them into jeopardy by military incursions.

In Washington the State Department said that South Africa had not yet replied with an explanation or with precise details of the airborne raid, in which its troops penetrated 155 miles north of the Namibian border with Angola and temporarily occupied the town of Cassinga.

The State Department made it plain that U.S. reaction to the incursion would depend on the details of it, when they were known.

### Pretoria view

Quentin Peel reports from Johannesburg: The operation, which it is feared could jeopardise the whole Western initiative for a peaceful settlement between SWAPO and South Africa, was defended by military and political officials as a spontaneous response to increased guerrilla activities.

Mr. P. Botha, South African Foreign Minister, said that South Africa remained "willing and able" to implement the Western proposals, yet to be approved by SWAPO. He added, however: "We also keep insisting that the terrorists should end their acts of violence."

Lieut. Gen. Jack Dutton, Chief of Staff Operations, said that the base code-named "Moscow" was practically totally destroyed in the raid and a considerable amount of ammunition and documents were captured. Equipment, buildings, ammunition and defence installations were destroyed.

Gen. Dutton hinted that some Angolan or Cuban troops might have been killed in the raid, though it was aimed specifically at SWAPO guerrillas.

Both he and Mr. Botha were at pains to stress that the raid was in response to an upsurge in SWAPO guerrilla activity in

Namibia coinciding with the special UN debate on Namibia in the General Assembly, and South Africa's public acceptance of the Western proposals for a peaceful settlement.

South African sources in Pretoria claimed that the entire town of Cassinga had been handed over to SWAPO guerrillas as principal headquarters, and that the local iron ore mine had been closed.

### New exodus

The town is some 250 km. from the Namibian border, near the town of Sa Da Bandeira.

The number of SWAPO guerrillas operating from southern Angola is put at between 3,000 and 5,000, although there has been a renewed exodus of refugees from Ovamboland in the last six months. About 20,000 Namibians are said to be refugees from the territory.

The latest incident specifically given as a reason for the raid was an attack by guerrillas on the hydro-electric scheme at Ruakana, on the Namibia-Angola border. Another was the abduction of a bus with 70 passengers.

Our United Nations Correspondent writes: Angola called last night for an urgent meeting of the Security Council to consider necessary measures to repulse South African attacks. In a letter to Dr. Kurt Waldheim, the Secretary-General, Mr. Jose Eduardo dos Santos, Deputy Prime Minister of Angola, said the South Africans committed aggression in violation of the act of violence, demonstrating again their total disrespect for UN resolutions.

The UN Council for Namibia, set up after South Africa's mandate to rule Namibia was cancelled in 1966, recommended that the Security Council apply economic sanctions against Pretoria.

Dr. Waldheim said in a statement strongly deploring the raid that "it could have an adverse effect on the current negotiations."

Mr. Sam Nujoma, SWAPO president, said yesterday that the talks, which he requested last week after South Africa accepted the Western plan for a Namibia settlement and he sought further clarification could go ahead in spite of the South African military action, which he called "barbaric."

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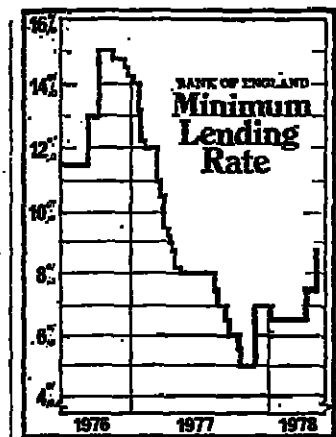
the New York

Apr 1 month \$1,227.50-5088  
May 1 month 0.38-0.32 ill  
3 months 1.28-1.20 ill  
12 months 4.30-4.70 ill

May 5  
\$1,229.50-5146  
0.44-0.38 ill  
1.31-1.23 ill  
4.54-4.65 ill

Previous

Editorial comment Page 16



## Lending rate raised by 1½%

BY MICHAEL BLANDEN

THE BANK of England's minimum lending rate jumped by 1½ per cent. to 8½ per cent. yesterday.

The move took the rate to its highest point for more than a year and is likely to bring a new round of increases in bank overdraft rates.

Building societies, however, are not expected to consider any increase in their deposit and mortgage rates at least until next month.

The jump in the rate was widely expected after the strong upward pressure on rates in the money market which had developed in the last fortnight, and the Bank's message on Thursday indicating that it would not oppose an increase.

The change left the markets in some uncertainty, however, with concern that a further change could be needed before a new level of rates is firmly established.

The money market and allied dealers had expected the rate to move up to a round figure of 9 per cent.

### Mortgages

The banks will consider increases in their base lending rates next week.

But they face a problem in deciding whether to match the increase by lifting base rates from their present 7½ per cent. to 8½ per cent., with the danger of having to make a further adjustment soon afterwards, or to anticipate a possible further rise by going to 9 per cent.

Building societies will hold the mortgage rate at the 8½ per cent. in January until they see the effects of the inflow of savings.

The Building Societies Association said yesterday that its council would consider the competitive effect when it met on June 9.

The rise in the rate followed the 1 per cent. increase made as part of last month's Budget measures.

Editorial comment Page 16

## EXCELLENT GROWTH PROSPECTS-INVEST IN AMERICA

TODAY

Here's why you should invest now in the Arbuthnot North American and International Fund

Much smaller, but no less successful, has been the Arbuthnot North American Unit Trust, doubling in size to £2½ million in the last few weeks. It also proudly stands at the head of the one-year performance table, with a rise of some 12.5 p.c. in the 12 months to last Friday, which compares with a fall of 8.6 p.c. in the Dow Jones in the same period.

David Collins, Sunday Telegraph, April 30th, 1978.

Since the launch of this fund on 1st January 1976 the fund has increased in value by 10.6% compared to a fall of 15.1% in the Dow Jones index over the same period.

Now - The Right Time to Invest - The US stock market is beginning to recover from a depressed level similar to that in the UK market three years ago. We believe the US market still has room for considerable growth which is the aim of this fund.

Arbuthnot - The Right North American Fund - Over 90% of the fund is currently invested in US securities, much of it in smaller companies. Unlike the blue chip multinationals their growth is not held back by overseas interests operating in less favourable conditions or by falling exchange rates.

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The Managers reserve the right to close offers if unit values rise by more than 2½%. Applications will be acknowledged, and unit certificates will be issued within 35 days. The offer price includes an initial charge of 5%. The annual charge is 2.5% VAT. All net income accumulated within the fund. After the close of these offers units may be purchased at the weekly (Thursday) dealing date, when units can also be sold back.

Payment will be made within 14 days of the dealing date and on receipt of your certificate duly renounced. The weekly price and yield appear in most leading newspapers. A commission of 1% will be paid to recommended agents. This offer is not open to residents of The Republic of Ireland, Trustees, The Royal Bank of Scotland Ltd., Managers: Arbuthnot Securities Ltd. (Reg. in Edinburgh 46694). Members of the Unit Trust Association.

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Monthly Saving Plan I/We wish to invest the sum of £ (min £20) per month in the Arbuthnot North American and International Fund and enclose 5 cheques payable to Arbuthnot Securities Ltd. at the initial payment. A bankers order form will be sent to you by the managers following receipt of this order. This order is revocable at any time by one month's notice in writing.

I/We declare that I am/we are over 18 and not resident outside the scheduled territories set out in 1. We are acquiring the above mentioned securities as the nominee(s) of any person(s) resident outside these territories. (If you are unable to make this declaration, it should be deleted and the form lodged through your Bank, Stockbroker or Solicitor in the United Kingdom.)

Signature(s) Joint applicants, all must sign. Mr/Mrs or Titles and Forenames. Full Name(s) Address(es)

ARBUTHNOT NORTH AMERICAN AND INTERNATIONAL FUND



## OVERSEAS NEWS

## OPEC likely to stress need for higher oil prices

BY RAY DAFTER, ENERGY CORRESPONDENT

THE ORGANISATION of Petroleum Exporting Countries, meeting in Saudi Arabia this week-end, is likely to re-emphasise the need for a new round of oil price increases to offset losses from the decline in the value of the dollar.

But there seems little chance that the producers will move away from the dollar as the currency for oil prices.

Consequently, the informal meeting of OPEC ministers, to be held in Saudi Arabia's summer capital of Taif, is expected to provide no more than a scene-setter for the next price-review conference in mid-June.

The weakening value of crude exports is bound to dominate the talks in Taif and in this respect the importance of the dollar in crude pricing will be questioned. OPEC has calculated that the dollar's weakness over recent months could cost producers between \$12bn and \$20bn a year in lost purchasing power when the currency is spent in other countries.

Mr. Adnan al-Jubaili, acting chief of the OPEC Economics Department reports in the latest issue of OPEC Review that the trade-weighted value in the oil exporters' earnings has fallen by 18 per cent since December 1976. This meant that the price of the market crude would have to rise from \$12.70 a barrel to \$18.50 to restore OPEC's purchasing power.

There have been calls, from within OPEC, for the abandonment of the dollar as the pricing mechanism. But this action now seems unlikely, partly because of the recent signs of firmness in the dollar, but more because of the many problems that would be involved. Sheikh Ahmed Zaki Yamani, the Saudi Oil

Minister, has already said a decision on the use of another currency or a basket of currencies for oil pricing would not be taken before the June meeting anyway.

It now seems much more likely that OPEC members will opt for a straight price increase to retrieve their position—if and when the market allows. As Sheikh Ali Khalifa Al-Sabah, Kuwait's Oil Minister, commented this week: "There isn't any way to recover some of the big losses except by fresh price hikes."

Sheikh Yamani has also said recently that if the Western economies recovered and demand for oil increased, the price would certainly be raised.

But the prospect for even a modest price rise in June is highly debatable, to say the least. With markets for OPEC oil still

sluggish due to stagnant economies and fresh supplies of crude from the North Sea, Alaska, and Mexico, producers have found it difficult to hold prices even at the levels fixed in July 1977.

Leading African producers have been forced to trim premiums charged for their high quality oil.

And there are forecasts that the oil glut will continue for at least another two years.

This prospect is worrying both producers and consumers. For while OPEC may be unable to implement a steady programme of price rises over the next few years it will almost certainly demand for oil increased, when the market swings back in its favour. The result could be a hefty bout of price rises in a few years time, perhaps of a size to shake world economies.

## German industry revives

BY ADRIAN DICKS

BONN, May 5.

NEW ORDERS to West German industry showed signs of a slight recovery during March. This follows a sharp fall at the beginning of this year, which caused considerable nervousness in West German Government circles.

The March figures showed an overall 0.5 per cent rise in new orders, but comparing February's March with December/January, there has still been a drop of 5 per cent.

Broken down, the March figures show a continued weakening of new domestic orders, these were down by 1.5 per cent. From February, new orders for capital goods, the component of the index often most closely

watched, were down 14.5 per cent from December/January to February/March.

The Economics Ministry blamed this somewhat disappointing performance on an unusually high level of orders in December and to the effects of stoppages in the metal-working and engineering industries throughout this spring.

More encouraging has been the improving trend in orders from abroad. This is in spite of constant concern over the impact of currency unrest on Germany's export markets. In March, there were 7.5 per cent more foreign orders, though this was not as high as the average for the last quarter of 1977.

## New threat on Moro's life by Red Brigades

BY PAUL BETTS

ROME May 5.

RED BRIGADES terrorists broke their 11-day silence last night, announcing in a communiqué that they were "carrying out the sentence" on Sig. Aldo Moro, the former Prime Minister kidnapped on March 16 and "condemned to death" by the self-styled People's Court.

There were, however, no firm indications in the communiqué—found in Rome, Milan, Turin and Genoa after anonymous calls to newspaper offices—whether Sig. Moro was already dead or still alive.

The latest communiqué has thrown the country's political forces in a state of frenzy, and Christian Democratic leaders were holding emergency talks to-night to consider the situation in the light of the latest threat of the terrorists.

The communiqué was generally regarded as authentic. It came shortly after a top-level security meeting presided over by Prime Minister Andreotti, which reaffirmed his Government's refusal to deal with the terrorists.

The meeting had examined "humanitarian proposals" put forward by the Socialist Party to try to save Sig. Moro's life.

To-night, the Red Brigades renewed their ultimatum of April 24, in which they demanded the release of 13 named prisoners—including Sig. Renato Curcio, the ideological leader of the Red Brigades, now standing trial in Turin—in exchange for Sig. Moro's freedom.

Faced with the Government's persistent refusal to negotiate, the terrorists said in to-night's communiqué: "We have nothing

more to say to the Christian Democratic party, to the Government, and to its allies. The only language the imperialist lackeys have shown they understand is the language of guns."

The message ended bluntly: "We are sealing off the battle which started on March 16 by executing the sentence for which Aldo Moro has been condemned."

After the failure of humanitarian appeals by Pope Paul and the United Nations Secretary-General, Dr. Waldheim, for the release of Sig. Moro, the Christian Democratic party said yesterday that if the terrorists freed the former Premier and there were clear signs of an end to terrorist activity, the Republic "would be able to show generosity and clemency." On no account, how-

ever, would the ruling party surrender to "terrorist blackmail."

Last night the terrorists responded by gunning down and wounding in the legs two industrialists in Genoa and Milan.

Some 51 days after the kidnapping of Sig. Moro in a bloody ambush in which five policemen were murdered, the terrorists appeared to be facing a deadlock following the firm stand taken by the political forces. To-day, the powerful Communist Party, now directly supporting the first time in some 30 years the Christian Democratic minority Government against the warning of the danger of giving in to the terrorists.

The party reiterated its intransigent line, urging even greater police action to combat terrorism.

## No Soviet arms for Turkey, Cyprus told

By Our Own Correspondent

NICOSIA, May 5.

THE SOVIET Union assured Cyprus to-day that it does not plan to sell arms or provide other military assistance to Turkey. The assurance was given by Mr. Sergei Astashev, the Soviet Ambassador in Nicosia, who called on President Spyros Kyprianou to convey his Government's reply to Mr. Kyprianou's protests to Moscow last week.

The Cypriot leader made statements to Ankara by Marshal Nikolai Ogarkov, the Soviet chief of the general staff, that the USSR wished to strengthen co-operation with Turkey in all fields, including military matters. According to an official announcement, the Soviet Ambassador explained to Mr. Kyprianou to-day that Marshal Ogarkov had in mind "ordinary contacts in the military field, such as the exchange of visits by warships and military athletes."

He also said Marshal Ogarkov's trip to Ankara was a "continuation of normal contacts carried out in accordance with the letter and spirit of the Helsinki final act on European security and co-operation."

Reports that the Soviet Union intended to sell arms to Turkey or provide assistance to that NATO country to upset a war industry were "entirely unfounded," the Ambassador added, according to the announcement.

## French aircraft hit Polisario

By David White

PARIS, May 5.

FRENCH MILITARY involvement in Africa has taken another serious turn with the resumption of clashes between Polisario guerrillas and ground forces of the Western Sahara.

French air force Jaguar fighter-bombers were engaged in attacks on a column of Polisario vehicles heading to the west of the Algerian mining town of Zouatit.

The attacks, taking place on Wednesday and Thursday, were supporting joint Mauritania and Moroccan forces sent to turn the column back.

Several dozen Polisario soldiers were reported to have been killed in the air-borne rocket attacks.

One of the French fighters was hit by Polisario machine-gun fire but managed to return to the Nouadhibou airbase, 250 miles south of Mauritania's capital, Nouakchott.

The confrontation was the first involving French forces, backing Mauritania and Morocco against the Algerian-supported Polisario, in five months.

## Talks on UN's Lebanon role end

BEIRUT, May 5.

PALESTINIAN command chief Yasser Arafat and the commander of UN troops in Lebanon ended more than two hours of talks to-day without agreement on how to prevent fresh clashes in the southern Lebanon, reliable sources said.

The talks between Mr. Arafat and Major General Emmanuel Erskine, the Ghanaian commander of the United Nations Truce Supervision Force in Lebanon (UNTF), were called after three UN soldiers died in fighting with left-wing guerrillas last Tuesday.

Reliable sources said the talks had failed to narrow the gap between the Palestinian and UN positions on the role of UNFIL, which was set up after the Israeli invasion of south Lebanon.

The fighting erupted a day after two members of a previously unknown left-wing group were killed in what the group denounced as an ambush by French paratroopers based in Tyre.

Reliable Palestinian sources said to-day the Retaliation— an ambush of a French UN convoy and an attack on the French barracks in Tyre—had had the tacit approval of the PLO leadership.

The sources said that to-day's talks Mr. Arafat reiterated an earlier pledge of PLO backing for efforts to achieve the withdrawal of the UN forces from Lebanon.

UN sources described the discussion as frank and honest and said General Erskine would report back to Dr. Kurt Waldheim, the UN Secretary-General.

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## Unrest continues on West Bank

TEL AVIV, May 5.

UNREST on the occupied West Bank continued to-day in the wake of the dismissal of the Israeli military commander of the occupied territory.

The military forces conducted searches and interrogations at a number of towns.

The commanding officer of the West Bank was dismissed for trying to cover up the excessive behaviour of troops suppressing a demonstration on the West Bank a month ago.

Protesting students were reported to have damaged three Israeli buses following what the Israeli authorities describe as an incident by extreme elements.

The main Israeli bus company, Egged, has instituted special security checks to protect its vehicles against attacks. Yesterday bombs went off in two buses, one in Jerusalem and a second in Acre which injured four people.

Mr. Bassam Shakaa, the Mayor of Nablus, sent a telegram to Mr. Ezer Weizman, the Israeli Defence Minister, yesterday, complaining about Israeli soldiers hitting and cursing residents of his town, and of carrying out body searches on women in the nearby Balata refugee camp.

The Defence Ministry spokesman was unable to confirm that the telegram had been received. But he said that Mr. Shakaa "has nothing to complain about. There have been a number of terrorist attacks in Nablus recently, one of which killed two German tourists. It is only natural that the army would take precautions," he said.

The military government spokesman was not available to confirm a complaint by Mr. Shakaa and other West Bank mayors that they had been forbidden to meet for political discussions.

Correspondents on the West Bank reported that the military governors called in the mayors this week to inform them of a ban on any meeting between them of a political nature.

Mr. Abd Al-Aziz Suleta, the Mayor of Jericho, is reported to have been forbidden to hold a planned luncheon meeting with other West Bank mayors and notables this week.

Mrs. Raymond Tawil, 36, a journalist and supporter of the Palestine Liberation Organisation from Ramallah, will be released from administrative detention next week.

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The Israeli authorities said she was being held on suspicion of inciting unrest and of contact with the PLO.

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## Sanjay Gandhi imprisoned for one month

NEW DELHI, May 5.

MR. SANJAY GANDHI, the controversial 32-year-old son of the former Prime Minister, Mrs. Indira Gandhi, was to-day sent to Delhi's Tihar jail after the Supreme Court cancelled his bail.

The Supreme Court directed that the bail be cancelled for a month and that Mr. Gandhi should spend this period in prison.

The move ended a long legal battle to imprison Mr. Gandhi, who is thought by many to be the brains behind the abuse of power during Mrs. Gandhi's 18-month emergency rule.

The Supreme Court cancelled the bail given to Mr. Gandhi and directed that he be kept in custody for a month for intimidating

key witnesses in the case. The charge against Mr. Gandhi is that he conspired to steal a film called "Kissa Kursi Ka" (The Tale of the Chair) during the emergency and destroyed it in the premises of his car factory. The film is a satire on politicians in India, and was principally aimed at Mrs. Gandhi.

The Supreme Court, which set aside rulings by lower courts that the prosecution case for cancellation of the bail was not valid, said that Mr. Gandhi forfeited his right to remain free as he had abused his liberty by directly to the local police.

Immediately after the 20-page judgement was given, Mr. Gandhi claimed he would be "bodily harmed" in jail. The Chief Justice said this was unthinkable and the additional

Solicitor-General rejected Mr. Gandhi's charge, pointing out that the rule of law prevailed again in the country.

Shortly after that, Mr. Gandhi surrendered himself before Mr. O. M. Vohra, the sessions judge in Delhi, who had made the order. A number of supporters of the accused had gathered in thousands to shout pro-Sanjay slogans. Many were arrested for defying prohibitory orders.

The judge ordered that Mr. Gandhi be kept in custody until May 8 and directed that he be given better treatment in jail, as requested. The hearing of the application, which was opposed by the prosecution, was held in the judge's chambers.

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## Australia and Iran disagree on N-safety

By Kenneth Randall

CANBERRA, May 5.

AUSTRALIAN uranium development plans have received a major setback with the breakdown to-day of negotiations with Iran for a bilateral nuclear safeguards agreement—an essential prerequisite to any exports of uranium in terms of the Australian policy announced last year.

An Iranian delegation, led by Dr. Akbar Etemad, Deputy Prime Minister and head of the Atomic Energy Organisation of Iran, insisted on having the conditions spelled out under which Australia would agree to the reprocessing of any nuclear material it supplied.

The talks were broken off when the Australian representatives, led by Mr. Doug Anthony, the Deputy Prime Minister and Minister for Trade and Resources, said that such a definition was not possible at present.

The Prime Minister, Mr. Malcolm Fraser, told Parliament later: "It was explained to them (the Iranians) that a decision on Australia's prior consent to reprocessing was not possible, pending the outcome of international discussions." The discussions, he said, included those at the International Nuclear Fuel Cycle Evaluation, in which Mr. Justice Fox and the Australian delegation are playing, as he believes, such a constructive role.

Mr. Justice Fox, Australian Ambassador-at-Large on nuclear safeguards negotiations, headed the two-year environmental inquiry into development of an Australian uranium industry.

The Government suffered a second serious embarrassment over uranium policy to-day in a statement issued by the Northern Land Council, which represents the aboriginal communities of Arnhem Land, where most of the major uranium discoveries have been made.

The statement followed three days of negotiations between the Council and Queensland Mines, discoverers of the Nabarlek deposit, on terms and conditions for development. It said: "NLC saw the possibility of agreement with the mining company on environmental and financial issues but recognised that the company could do no further because of unknown factors which were a matter for Government decisions."

Specifically, the statement asked the Government for an urgent announcement of its intentions regarding a resource tax on uranium mining—an issue raised in a general way in last year's budget. The effect, the Land Council said, was "inconsistent with the spirit of Queensland Mines, that the lack of a clear Government policy is still the main obstacle to a start on mining development."

There are some fears in the uranium companies that a decision on a possible sale might not be made public until the next budget, in August. A spokesman for the treasurer, Mr. John Howard, said in Canberra to-night, however, that the question should "not necessarily" be seen in that context.

On Saturday, Mr. Fraser said in his statement to Parliament to-day that he expected a further round of negotiations with Iran "in due course." There is no more definite indication available of the timing.

Mr. Fraser said that Iran was potentially a major customer for Australia's uranium, prepared to buy 15,000 tonnes for the period to 1994. But he insisted that a safeguards agreement, containing all the elements of the safeguards policy he announced last year, remained a prior requirement.

"To Iran or any other country," it is more important that the world be assured that the uranium will not be a destabilising force, a force that would undermine the present nuclear non-proliferation regime and move us from a safer world," said Mr. Fraser. He said the U.S. and Iran had also been negotiating the question of prior consent for reprocessing was also a significant issue there.

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## HOME NEWS

# Heath offers EEC plan to move into world lead

BY MALCOLM RUTHERFORD

MR. EDWARD HEATH put forward a comprehensive plan yesterday for the European Community to give a lead in international affairs following what he described as "the withdrawal of the U.S. from major world problems."

He said that it would be best if the key industrial countries could reach agreement at the Economic Summit due in Bonn in July on filling the vacuum created by disintegration of the post-war economic system. But if that meeting failed, Europe would have to act on its own.

The best way to do it, he suggested, would be for the Community to use its "unvalued borrowing powers" to channel the OPEC surpluses into investment in Europe. The funds should be employed in two ways:

- Reconstruction of European industry. This would mean a large extension of regional programmes.

- A similar reconstruction of European agriculture, especially in the Mediterranean areas. This, in turn, would help deal with problems created by Community enlargement.

There was a stronger borrower in the world than the Community. There were also compelling reasons why the OPEC surplus countries should wish to lend for industrial investment.

In the recent past they had lost about 30 per cent simply because of depreciation of the dollar, accepted, and the consequences of this would not happen if the surpluses were invested in industry.

Some OPEC countries would also have to recognise that their own regimes would be in danger if the Western economic and political system were to go under because of continued recession.

It was not surprising that the Eastern Bloc regarded the Western world as in a state of confusion and lacking the will to take initiatives to restore order. It would conclude that the West had become "weak, effete and ineffective."

It was therefore up to the European Community to fill the vacuum.

Mr. Heath placed special emphasis on the need to relieve unemployment which, he said, if it continued, would undermine society and the free enterprise basis of the Western economies. It was for that reason that it was necessary to mobilise the OPEC surpluses.

Europe must take an initiative to end the stagnation of the North-South dialogue and rationalise use of its own resources so that it was in a position to compete with the U.S. If the latter were not done, the Community would become a "community of fabricators" and its best brains would leave.

Mr. Heath was giving the third Federalist Lecture in memory of Sir Peter Kirk, the MP who led the Conservative delegation to the European Parliament.



Mr. Heath at the Royal Society of Arts, where he made his speech, with Mr. David Barton, chairman of the Council for the Federal Trust for Education and Research, and Lord Gladwyn, a patron of the Trust (right).

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## Tories back Bonn on trade

BY JOHN LLOYD

THE Conservative Party has come out in support of the West German Government in its stand against the trend towards protectionism in the Common Market.

Earlier this week, Count Otto Lambsdorff, West German Economics Minister, told a meeting of the EEC Foreign Ministers that competition in the market place was "the most important driving force towards adapting outdated industrial structures."

He attacked measures taken by the EEC to restrict trade within the Community, and to impose tariffs on products from outside. He also criticised intervention in industry, and the attempts to "pick winners."

In a speech in Sheffield last night, Mr. Norman Lamont, an Opposition spokesman on industry, said that Count Lambsdorff's comments were both salutary and timely.

"There is a real danger that the EEC Commission will seek to expand its involvement in industry simply in order to have something which can be called a European industrial policy."

For that reason we must welcome the determination of Count Lambsdorff and the German Government to oppose any extension to the already long list of "crisis sectors" entitled to special EEC help.

Mr. Lamont said that the measures taken to protect the European steel industry could produce temporary relief. But if they were prolonged, they would place an increasing burden on the steel-using industries and damage the U.K. and other EEC economies.

On intervention in industry, there was no reason to think that the EEC would be more successful than national Governments, he said.

## Doctors' pay report could recommend 28% rises

BY DAVID CHURCHILL AND MICHAEL DIXON

THE GOVERNMENT is expected next week to publish the independent Review Body report on doctors' pay which could recommend increases of up to 28.5 per cent for all 75,000 National Health Service doctors and dentists.

But the Government is likely to allow only a 10 per cent rise this year with the balance implemented over the next two years.

The British Medical Association said last night that it had not received any details of the Review Body's report.

But it suggested that recommended increases of 28.5 per cent would still be some way below what the profession felt was needed to restore living standards.

It seems likely that the

doctors would grudgingly accept the 10 per cent increase now, with more to come later. But there is a possibility that the Review Body has suggested that junior doctors should get a smaller increase than consultants.

Such a recommendation would be certain to spark off a strong reaction from the junior doctors, who have shown their militancy in the past.

The Government yesterday guaranteed 37,000 university teachers two special pay rises, each totalling more than £100,000.

In October and again a year later, on top of the increases they will receive in the ordinary way.

The guarantee, agreed in London yesterday with leaders of the Association of University

Teachers, virtually cancels the threat by many dons to refuse to mark this summer's degree examinations.

The special rises are to correct an anomaly caused in 1974 when incomes policy prevented dons from receiving most of a 30 per cent increase recommended by arbitration.

The association originally claimed that 16 per cent was required to repair the damage, but later lowered its sights to 12 per cent.

The effect of the special rises on dons' pay scales cannot be worked out until the normal 1978 and 1979 rises have been settled, but the negotiators have agreed scales representing how much university teachers would have received had the anomaly not arisen.

## Call to restore separate overdraft-proof accounts

BY DAVID FREUD

COMPANIES in financial difficulties should be able to segregate the security they can offer on loans by opening a new account, recommends the Consultative Committee of Accountancy Bodies. This new account would not be liable to offset against an existing overdraft.

This is the most controversial recommendation in two memoranda dealing with creditors' rights and delinquent directors submitted in evidence to the Insolvency Law Review Committee.

The committee was set up by the Trade Secretary in 1976 under Mr. Kenneth Cork to review insolvency law and practice in England and Wales. The banks are likely to take

strong exception to any move to reduce their security in the way ahead of other creditors, and the accountants suggest, even though the new accounts would be opened only "provided the bank concerned agrees."

The accountants justify their recommendation by pointing to the situation in the 1960s, when ruled out in 1972 when the Westminster Bank won a ruling against Halesowen Presswork to the effect that parties could not contract out of Section 31 of the Bankruptcy Act.

This section states that where there have been mutual credits, debts or other dealings they shall be set off on bankruptcy or liquidation. The accountants say legislation should be introduced to reverse this decision

## Keep out of Euro-poll—Powell

BY RUPERT CORNWELL

MR. ENOCH POWELL, the most zealous protector of national sovereignty last night issued a stark warning to Britons not to vote in next year's European elections — or by doing so, signal their rejection of much of Westminster's authority.

Mr. Powell was speaking in his County Down constituency on the day that the Direct Elections Bill received the Royal Assent.

"Voters would be accepting in advance not just what might be done by their own Euro-MP, but by a majority of these elected by the combined electorates of the nine member-states of the EEC," he declared.

The authority they would thereby confer was one which would override the authority conferred by electing the House of Commons at Westminster.

"I will put the matter more plainly still," the Ulster Unionist MP said.

"By participating in the act of electing representatives to the European Assembly, the elector expressly withdraws his sanction from Parliament in all matters with in the large and potentially unlimited scope of the Common Market."

In doing so, he was demonstrating a divided loyalty between Britain and an external authority. Mr. Powell made plain last night that he saw this split at the very heart of what he called Britain's sickness.

The disease, he argued, was evident also in the devolution legislation.

This was a "monstrous concoction," devised "on the extraordinary theory" that a formal acknowledgment of a division of loyalty would meet the wishes of separatists who sought to repudiate the nation altogether.

The nation-state, contrary to predictions, was neither obsolete nor obsolescent.

More than any other nation, Britain, had been so by virtue of a single, uncontested and undivided loyalty — the true crisis of Britain, its long sickness of 30 years' defeat after victory, is a crisis of loyalty.

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## House agent Bill stalled in Commons

By Ivor Owen

THE PRIVATE Member's Bill which seeks to introduce new safeguards for those who engage in property transactions through estate agents now has little prospect of becoming law in this Parliamentary session.

A number of amendments — nearly all tabled by Tory MPs — remained to be considered when debate on the report stage of the Estate Agents' Bill was adjourned in the Commons yesterday.

Although Mr. Bryan Davies (Lab, Enfield North), the chief sponsor, indicated his intention to press ahead with the Bill, its position in the queue of Private Members' measures which are competing for a limited amount of Parliamentary time is now so unfavourable that it is unlikely to complete its remaining stages.

The two Labour-sponsored Private Members' Bills designed to make amendments to the Employment Protection Act to benefit trade unions, also failed to make progress yesterday.

Both these measures are principally designed to remove trade union grievances arising out of the Grunwick dispute, and Mr. Michael Foot, the Leader of the Commons, is coming under increasing pressure from the Labour back benches to rescue them by providing Government time.

Figures published by the Department of Trade and Industry show that company liquidations and bankruptcies both fell on a seasonally adjusted basis in the first quarter of 1978, following falls in the previous quarter.

Company liquidations, which peaked about the middle of last year, totalled 1,207, against 1,297 in the last quarter of 1977.

This was mainly due to a drop in compulsory liquidations from 616 to 504. Before seasonal adjustment there were 1,339 company liquidations, 13 per cent, less than in the first quarter last year.

Bankruptcies seasonally adjusted fell to 943 in the first quarter of 1978, compared with 1,030 in the preceding quarter.

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## Howe pins election hopes on Budget

FINANCIAL TIMES REPORTER

IF THE Government was defeated in Monday's vote on the Finance Bill by an alliance of Conservatives and minority parties it should resign, Sir Geoffrey Howe, Shadow Chancellor, said yesterday.

He said that the Tories required the support of all the minor parties to force through their amendment for a 1p reduction in the basic rate of income tax. If they succeeded in defeating the Government the Prime Minister ought to go to the people.

But Sir Geoffrey, speaking in Birmingham, doubted whether Mr. Callaghan would take such a heroic view. He was prolonging a general election, holding an Alcazar-like in the hope that "something would turn up," said Sir Geoffrey, using Mrs. Thatcher's simile.

Looking towards next week's Commons vote, he said: "The Liberals have said they will support us, the Nationalists have said they will support us, and the Ulster Unionists are involved in an internal dispute."

Sir Geoffrey told his audience of 150 financiers that his party could not rewrite the Labour Budget but could only seek to improve it.

Earlier he told reporters: "You cannot make a silk purse out of a sow's ear," but said that a Tory Budget would remove impediments to enterprise and reward hard work.

This would be done by reducing income tax, by curbing public expenditure, and possibly by the introduction of higher spending taxes.

Mr. Healey's Budget was wrong. Government borrowing was dangerously high and the opportunities provided by North Sea oil were being squandered.

Another criticism was that profit had been a dirty word to the Left for a very long time.

At the same time, a smaller stake in Cannon was purchased by Mr. Edward du Cann, MP, then Keyser's chairman.

Claims by the 108 liquidator that there had been impropriety in the transfer of the interest to these buyers from Mr. Robert Vesco's Value Capital have now been withdrawn, confirming the purchasers' title to their respective holdings. Keyser's of 57 per cent, and Mr. Du Cann's of 15 per cent.

As part of the settlement Cannon is paying £150,000, and Keyser and Mr. du Cann together are paying £300,000, to 108. Mr. du Cann is now the £25,000-a-year chairman of Cannon. It is no longer a Keyser director. It is not disclosed how the £300,000 is being paid as being apportioned between him and Keyser.

Keyser is also acquiring, at £1 each, a further 75,000 Cannon shares which are at the disposal of 108, so bringing its interest in Cannon up to 66 per cent.

Some £24m, part of the purchase price for the Cannon shares bought by Keyser in 1973, which has been held in suspense meanwhile, and which includes interest, is now being paid over to the 108 liquidator by Keyser.

A further sum of £500,000, representing fees which have piled up under an agreement with Transglobal Financial Services, and for the payment of which Keyser has already made provision, is also being paid over. The settlement is stated to be subject to court and other approvals.

Participants in the well are Ranger Oil (U.K.), with 40 per cent, London and Scottish Marine Oil, 45 per cent, and 111 International Corporation, 15 per cent.

## Ranger Oil to quit well

RANGER OIL (U.K.) said yesterday that it was abandoning North Sea Well 23/27-4, about 175 miles east of Aberdeen, after encountering shows of hydrocarbons.

Participants in the well are Ranger Oil (U.K.), with 40 per cent, London and Scottish Marine Oil, 45 per cent, and 111 International Corporation, 15 per cent.

## Fewer companies going out of business

THE NUMBER of companies going out of business in England and Wales has continued to decline.

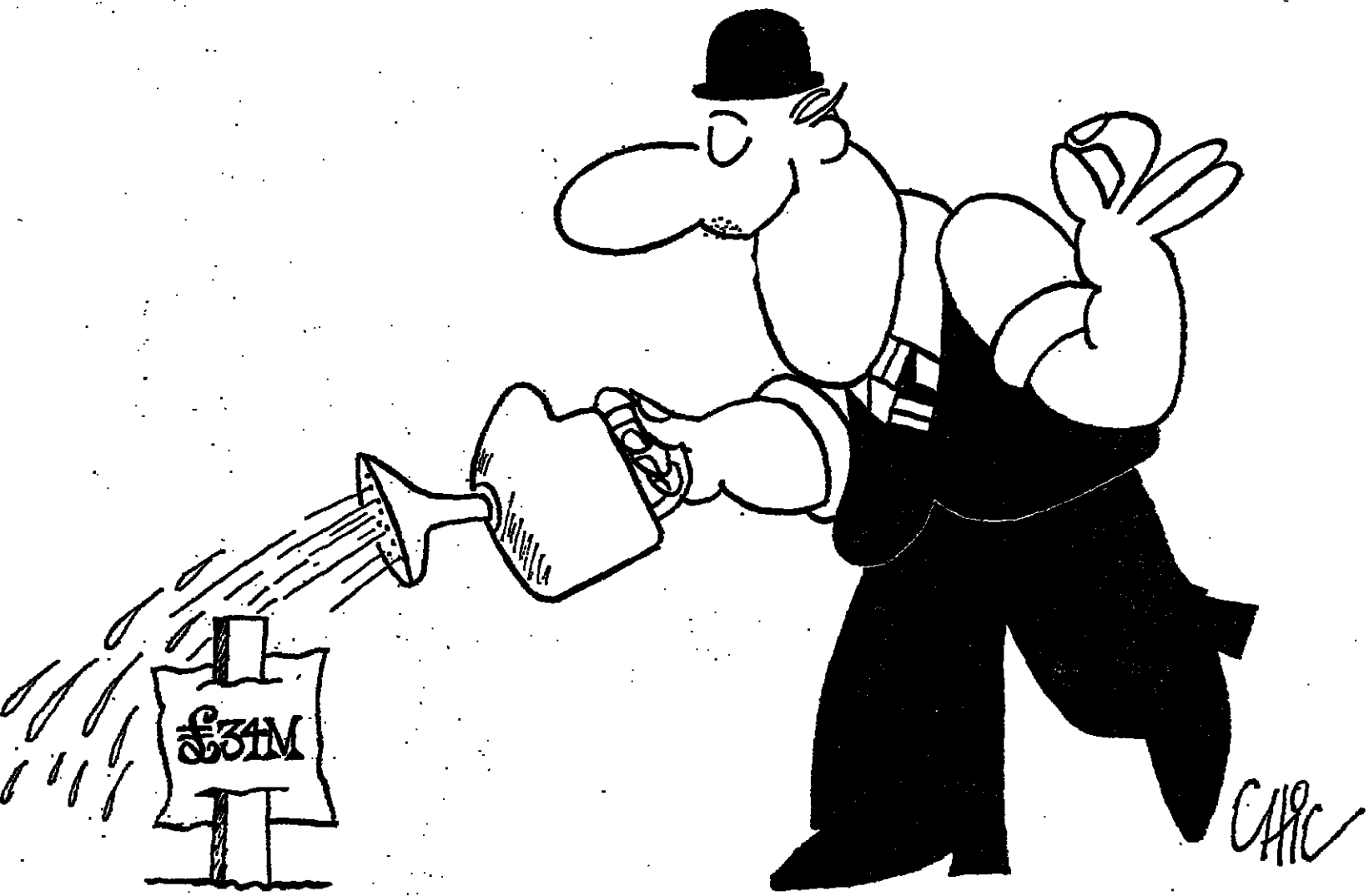
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## HOME NEWS

## Gold Fields pays to man the pumps

BY PAUL CHEESERIGHT

A BREATHING SPACE has been won by the Government in its attempt to keep open the Wheal Jane mine in Cornwall and thus preserve more than 400 jobs in an area where unemployment is running at 11 per cent.

Consolidated Gold Fields, the mine's owners, have agreed to pay Cornwall Tin and Mining to keep the pumps turned on at the neighbouring Mount Wellington mine at least until the end of next week.

The Mount Wellington pumps have assumed importance in the negotiations between the Government and Gold Fields because, if they are turned off, Wheal Jane becomes liable to flooding as water from Mount

Wellington moves through old workings and seeps into the mine.

The decision of Cornwall Tin to close Mount Wellington led to Gold Fields announcing last week that Wheal Jane would also shut.

Once the Mount Wellington pumps are turned off it will take about three weeks before the flow of water into Wheal Jane increases. Cornwall Tin had originally planned to stop them yesterday morning.

The Wheal Jane pumps can pump about 720 gallons a day, 25m. gallons more than the usual seepage. But Mount Wellington has been pumping out 8m. gallons a day.

Now the immediate threat to Wheal Jane has been lifted. The Government is set to discuss with Gold Fields ways of keeping Wheal Jane open. There have been no meetings since Mr. Alan Williams, Minister of State for Industry, saw Mr. Gerald Mortimer, the Gold Fields chief executive, on Wednesday.

The Government's position has shifted markedly over the past 10 days in response to Parliamentary and trade union pressure. Its new desire to keep open the mine is linked primarily to the employment issue, and it is believed to be prepared to offer some aid.

## Soviet fishers go north for whiting

BY RICHARD MOONEY

NOW THAT the south-west coast mackerel season is over, the Russians, who have been buying mackerel from Britain for reduction into fishmeal, are switching their attention to Britain's Northern waters.

The Soviet factory ship Riga is on its way to the west coast of Scotland to begin transshipping blue whiting for the same purpose.

Two British vessels are already on the fishing grounds catching blue whiting for sale to the Russian ship, and these are expected to be joined by six or seven other trawlers. The deal with the Russians was negotiated by Joint Trawlers on behalf of the Buxton, Boyd, Marr and Irvin fishing lines.

Blue whiting is Britain's only major under-exploited fish stock, and has been termed the "great blue hope" of the U.K. fishing industry. But processing problems because of the small size of the fish have hindered its commercial exploitation for human consumption.

These problems now seem to have been defused, however, by the German Bader company,

which will demonstrate its 120 fish-a-minute filleting machine in Aberdeen next month. If this machine lives up to its manufacturer's claims, all that will remain will be to persuade the British housewife to buy and serve this unfamiliar fish.

The trawler operators involved in the Anglo-Soviet deal do not see their action as a threat to the blue whiting stock, but as a lifeline for the British trawling industry. The boats catching the blue whiting would otherwise have been laid up, they claim.

The Riga has a processing capacity of about 600 tons a day in the blue whiting season, which lasts no more than three months. It could not consume much more than 50,000 tons of fish. This total would hardly dent the stock which has been estimated to offer a potential yield of between 1m. and 2m. tons a year.

A more serious threat to the commercial survival of the blue whiting is the hunger for fishmeal supplies of other EEC members, particularly the Danes, who have been looking at this stock for some time.

## Overseas moves lift unit trusts

Financial Times Reporter

LATEST performance figures for the unit trust industry suggest very strongly that this is going to be the year of the international fund. The upper levels of the performance table were produced by the monthly magazine Planned Savings are—for the four months to the beginning of May—completely dominated by funds which are invested abroad. Of these, the funds invested in the Pacific Basin have made by far the strongest showing, with the value of units in Gartmore's Far Eastern fund now 30 per cent. higher than at the beginning of the year. Henderson Far Eastern and CT Japan and General were only marginally behind.

The first break in the pattern comes with New Court International, now almost entirely invested in the U.S., which with a gain of 21.2 per cent. since the beginning of the year, holds eighth place in the table. Of the 356 unit trusts whose performance is chronicled by Planned Savings, 256 have outperformed the FT Actuaries All Shares Index, while 297 have outperformed the FT Industrial Ordinary Index.

## New seatbelts campaign will cost £1.2m.

BY TERRY DODSWORTH

A NATIONAL £1.2m. publicity campaign is being launched by the Department of Transport to persuade car drivers and front seat passengers to wear seatbelts.

Emphasis is being placed on wearing belts for short journeys in towns. Surveys suggest that whereas more motorists wear belts than five years ago, only one in five regularly uses them, mainly because of the belief that on short urban journeys they are not needed.

The Department stresses that, contrary to this belief, about three-quarters of all accidents and nearly half the fatal and

serious accidents occur in built-up areas.

Launching the campaign, Mr. William Rodgers, Transport Secretary, said that by wearing belts drivers doubt their chances of survival if they are involved in a serious accident.

"However skilled a driver may be, he cannot be sure that someone will not collide with him, so everyone has something to gain by wearing a belt. If everyone did so, 12,000 fewer people would be killed or seriously injured each year."

The publicity campaign will include both TV and newspaper advertising over the next six months.

## Early start on home insulation grants

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PLANS to provide local authority grants to householders for home insulation were announced yesterday by the Government.

The Home Insulation Bill will enable the Secretary for the Environment to lay before Parliament schemes for grants towards the cost of improving thermal insulation.

Under the first scheme grants will be available for loft insulation and the lagging of hot and cold water tanks and loft pipes. Owners or occupiers of unsold private homes will be able to apply and grants will reach 60 per cent. of the total cost or £50, whichever is less.

Provision in the Bill is made for local authorities to be reimbursed in full for grants paid by them, and they will also receive payments to cover expenses incurred in complying with the Bill.

Environment estimates that more than 5m. private homes are without loft insulation and it is planned to deal with most of these in a 10-year period.

It is hoped that the first scheme can be effective before the peak period of insulation activity in the autumn.

## More spent on household durables

AN INCREASE of 10 to 11 per cent. in real spending on household durables this year is predicted by Phillips and Drew, stockbrokers, in its latest industry review.

The firm says that 1978 should see a further good advance, with spending passing the peak level of 1973. It points out that although the Budget contained no measures specifically designed to boost demand for durable goods, the general recovery in disposable incomes will be strengthened by the Chancellor's

## Coins in Mint condition—official

BY CHRISTOPHER DUNN

BRITAIN'S COINAGE was yesterday pronounced "not guilty" of weight, size or any other defects, and emerged from the annual Trial of the Fyx, held at the Goldsmiths' Hall in the City of London, without a stain on its character.

A 27-man jury told Mr. Jack Jacob, Queen's Remembrancer and Senior Master of the Supreme Court, that Britain's coins still met required legal standards, and could circulate freely throughout the realm.

Under the Trial of the Fyx, an ancient ceremony dating back possibly as far as Roman times, output from the Royal Mint is checked each year for standards by an independent jury, as if it were on trial in the High Court.

The trial starts in February when about 40,000 coins, including this year Silver Jubilee and New Zealand coins, are delivered to the Goldsmiths' Hall, in a Fyx or Mint Box.

Royal Mint officials have to deposit coins in the Fyx as they are made throughout the year, according to set ratios. The jury, drawn from the Goldsmiths' Company and sworn in by the Remembrancer, then counts the coins, which are subsequently checked by random sampling until May for any defects.

Yesterday's favourable verdict was delivered in an elaborate ceremony before Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who was standing in for Mr. Denis Healey, who is an ex-officio Master of the Mint as Chancellor of the Exchequer.

## Brewster plan to end class war

By Our Foreign Staff

MR. Kingman Brewster, the U.S. Ambassador to Britain, yesterday called for the "social equivalent of war" to prevent bitter class differences emerging in Western society.

He said the prolonged stagnation of economic growth and employment was causing divisive resentments to fester between the unemployed, those who worked for their living and "those who are so privileged that they can live well without working."

Extremists were ready and waiting to exploit this resentment, Mr. Brewster said in the inaugural annual lecture at the St. George's House Conference Centre, Windsor Castle.

One solution would be to require all men and women to undergo a period of "under-compensated, publicly useful service" before entering their careers. Such service would be under-compensated because it ought to be used to accomplish things which could not otherwise be afforded at market prices.

One or two years of universal service at a subsistence level of pay might go a long way to break the unacceptable fixation which tells us that we cannot afford to clean up our cities, cannot afford to take care of our open spaces and countryside.

"If all of us have to agree to be slaves for two years in order to live in a decent voluntary society for the rest of our lives, so be it."

In the U.S., a National Board of Trustees should be set up to see how future generations could be spared from the consequences of present indulgence.

## Horse stamps to go on show

THE Horse stamps, which the Post Office will issue on July 5, will be on free public display in the Sculpture Hall at the Tate Gallery, Millbank, London, from May 26 to 31.

The stamps, designed by Patrick Oxenham, mark the centenary of the Shire Horse Society. They feature a Shire horse, a thoroughbred and a Welsh and a Shetland pony.

## Unions accept Shell offer

BY PHILIP BASSETT, LABOUR STAFF

OIL AND petrol supplies in areas affected by a strike over pay by white-collar workers at Shell oil terminals should soon return to normal. The unions involved agreed yesterday on a formula for a return to work.

Six hundred white-collar workers, members of the Association of Scientific, Technical and Managerial Staffs and the white-collar section of the transport workers' union, were called out on strike two weeks ago from 46 Shell terminals.

National officers of the two unions met yesterday at Transport House in London. An agreement, ratified by the joint national delegate conference of the unions, was reached on the basis of a return to work from midnight last night with the pay dispute going to arbitration. Shell first offered the staff a

14.5 per cent. package deal with everyone receiving a 10 per cent. basic pay increase and at least 2 per cent. for productivity. The unions rejected the deal, claiming that Shell had been more generous to other groups of workers.

The 10 per cent. plus 2 per cent. productivity deal will now be implemented for all the staff involved, backdated to January 1. The share-out of the remaining 2.5 per cent. of the productivity deal will be decided by a mediator appointed by the Advisory Conciliation and Arbitration Service.

The strike affected supplies in South London, Greater Manchester, Hertfordshire and Cambridgeshire. The offer, which was within Government pay guidelines, had not been changed by the company during the strike or the talks to end it.

## Building wages deal may be threatened

BY NICK GARNETT, LABOUR STAFF

A MEETING of the Transport and General Workers' Union national crafts and construction committee next week could prove decisive on whether a pay settlement for 700,000 construction workers will be jeopardised.

A majority of the joint-union side of the industry yesterday accepted the offer. Negotiators for both the largest unions, the Union of Construction, Allied Trades and Technicians and the Transport and General Workers, agreed to the deal.

Almost all the regions of the transport workers, however, have already notified union officials

that they were not prepared to accept it.

The union's negotiators will attempt to persuade members of its crafts and construction committee that the only alternative to acceptance now could be industrial action.

The employers yesterday reaffirmed that they were not prepared to make any improvements in the pay package, which they say is worth a fraction short of 10 per cent.

A failure to persuade next week's meeting to accept the deal could put the transport workers in an embarrassing position if UCAT goes ahead with the new wage agreement.

## Surprise for gallery staff

BY PHILIP BASSETT

STAFF at the Tate Gallery in London who left the Civil Service Union in a bid to secure better pay and conditions were told yesterday that they were not members of the Transport and General Workers' Union, which they thought they had joined.

The move by 130 employees threatened Sunday opening of the gallery because of a projected ban on weekend overtime.

Mr. Leslie Moody, general secretary of the CSU, this

week accused the TGWU of poaching members. Yesterday Mr. Ron Todd, transport workers' national organiser, said that because his union was not a signatory to Tate Gallery pay agreements, the staff could not be TGWU members. The TGWU had stopped taking their subscriptions.

Mr. Moody said he was seeking assurance from Mr. Moody, TGWU general secretary, that the union would not try to represent staff at the Tate.

## NUJ may press strike

BY OUR LABOUR STAFF

PROPOSALS for an all-out strike from next Tuesday in the Thomson Regional Newspapers group because of a dispute over productivity pay and the recent dismissal of nearly 300 members were being considered yesterday by the executive council of the National Union of Journalists.

The plan was viewed in the light of a group chapel report on latest developments in the dispute which has led to industrial action on a number of Thomson provincial newspapers.

Just over a week ago the union called for a 24-hour strike by more than 3,000 journalists throughout the group's newspapers—with the exception of Edinburgh—in protest at the dismissal of 77 members at Hemstead, Herts. over a work-to-rule.

Since then, about 300 journa-

lists elsewhere have also been dismissed for taking similar industrial action, and further action is being threatened in response to an NUJ call.

The dispute originates from what management describes as a demand by some chapels for productivity payments outside the Government pay guidelines.

A management peace proposal at Hemel Hempstead which suggested that claims of unfair dismissal might be put to arbitration as an alternative to an industrial tribunal was rejected by the Government on Wednesday.

Mr. Evans, TGWU general secretary, said the union would not try to represent staff at the Tate.

## Leyland strike called off

BY OUR LABOUR STAFF

TWO SEPARATE strikes at Leyland's Castle Bromwich body plant, Birmingham, were called off yesterday, when 56 toolfitters and 18 building maintenance workers accepted plans to seek an independent mediator.

About 4,000 men laid off at Castle Bromwich and 500 at Leyland have been recalled.

More than 800 workers at Leyland's Hordleth parts depot in Oxford decided to stay out until Tuesday in a manning dispute which began with an overtime ban two weeks ago over the threatened dismissal of a union convenor. His appeal quashed.

against dismissal is to be heard on Monday.

Meanwhile, car delivery drivers at Cowley said they would continue their 10-day-old strike in support of the union branch chair in a Vauxhall last year.

A Vauxhall worker caught asleep during a night shift yesterday by an industrial tribunal dismissed, Mr. Mohammed Ayub, in Oxford decided to stay out until Tuesday in a manning dispute which began with an overtime ban two weeks ago over the threatened dismissal of a union convenor. His appeal quashed.

## Tether bid to read testimonials

MR. C. Gordon Tether, the former Financial Times journalist dismissed following a dispute over the editor's control of his daily Lombard column, told the London Industrial Tribunal hearing his reinstatement claim yesterday that it would be "a travesty of justice" not to allow him to read in open court a dossier of testimonials. He said that reading them would do some way to repair the damage inflicted on his reputation.

Mr. Tether, who wrote the column for 21 years, claims he was unfairly dismissed.

After procedural difficulties prevented the tribunal from hearing evidence by one of Mr. Tether's witnesses, he suggested that he read the testimonials to all that would otherwise be wasted time.

Mr. Brian Dupe, the tribunal's trade union nominee member, said that the Financial Times had stated specifically that Mr. Tether's competence was not at issue.

Mr. Tether replied that the Financial Times had raised serious charges against his work in open court and had alleged that some of it had fallen below the standard of a quality newspaper. He could not correct this allegation unless he read his testimonials in open court.

Mr. Frank Brice, the employers' nominee member, pointed out that the tribunal had had these documents in front of them for a year (the tribunal first sat on May 2, 1977). He asked what it might gain by hearing them read.

Mr. Tether maintained that it

was important the dossier should be read.

"For publicity?" asked Mr. Dupe, who reminded Mr. Tether that he was there to convince the tribunal he had been unfairly dismissed.

Mr. Tether said the Financial Times had had considerable publicity for the allegations made against him during the earlier part of the hearing. He wanted to rehabilitate his reputation.

Mr. Dupe said that publication of the testimonials could be done in other ways. He did not have to use the tribunal as a forum for publication in the Financial Times.

Answers  
Mr. Thomas Morrison, counsel for the Financial Times, intervened to say that if the tribunal allowed the testimonials to be read, it must bear in mind that he had already made it clear that the documents were the answers to letters from Mr. Tether.

The tribunal could get the full import of the replies only if it saw the letters which had solicited them. The letters to which the testimonials should themselves be directed.

It had been the Financial Times' contention that Mr. Tether had intended to use the proceedings to attempt in public to clear his reputation, and that he had so intended before the proceedings started.

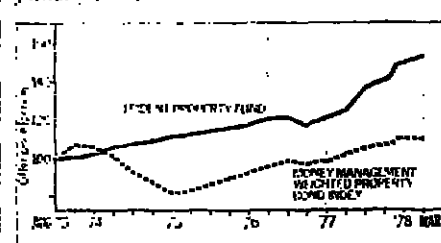
Mr. Morrison added that Mr. Tether's attitude to these documents was entirely consistent with that view.

The tribunal ruling on whether or not the testimonials should be read in open court was given on Tuesday when the hearing is resumed.

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Three of the Fund's investments are illustrated. Superior office and retail premises

will always tend to command good rentals and quality tenants. It is in this type of property that the Fund has its strength.

For those seeking first class growth potential from a well-managed investment, the Trident Property Fund can be strongly recommended.

Option: A useful regular income. By investing £1,000 or more you can arrange to make regular cash withdrawals of up to 5% free of basic rate income tax (see below - withdrawal plan).

How to proceed. Check your current portfolio. If you now have less than 20% in commercial property you should certainly consider balancing your portfolio through this method. You can invest as much as you wish in the Trident Property Fund: simply read the details below and return the completed application together with your cheque, and we shall send the policy within a few days of receipt.

What it should be remembered that the value of the properties in the fund, and so of the units - can fall as well as rise, we firmly believe that an investment now should prove particularly effective over the longer term.

Alternatively, if you would like to find out more, simply fill in your name and address on the form.

## Insurance for to-night's satellite

By Michael Donne

THE £130m. European Space Agency's Orbital Test Satellite (OTS-2), which is the experimental precursor of a system of European Communications Satellites for the 1980s, is due to be launched from Cape Canaveral, Florida, tonight.

OTS-1 was destroyed during launch last September. OTS-2 has been built by a consortium of European companies, of which British Aerospace's Dynamics Group is a member. The U.K. share of the cost is £28.8m.

In the event of another failure, the cost of replacing OTS-2 and its launch vehicle will be covered by insurance.

The OTS-2 capacity will be equivalent to 6,000 telephone circuits. It will be put into orbit over Gabon, West Africa, and will cover the whole of Western Europe, the Middle East, North Africa, the Azores, the Canary Isles, Madeira and Iceland.

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Payments to be made:

☐ Annually (min. investment £4,000)

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☐ Monthly (min. investment £500)

Please insert details of the bank to which income payments should be made commencing 1st

Month, year

Bank Sort Code

Account Name

Account Number

The statements above are true and complete and are the basis of my contract with Trident Life.

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هكذا منه الأجل



## THE WEEK IN THE MARKETS

## Confidence boosted

Rising interest rates, mean falling share prices. Right? Wrong, or so it seems to be in the present climate. Last month's explosive upturn on Wall Street was accompanied by a clearly rising trend in short term money rates, and this week in London has brought the curious spectacle of equity investors positively hugging themselves at the prospect of yesterday's increase in Minimum Lending Rate.

When the new rate turned out to be 8½ per cent, instead of the figure of 9 per cent, or even more that some had been suggesting, the market actually seemed disappointed with the outcome.

This reaction may seem like pure masochism. In fact, it has more to do with the idea that higher rates were inevitable sooner or later, and that the longer such a move was deferred, the more painful it would probably turn out to be. We are all monetarists now, and

anything that smacks of monetary prudence is greeted with loud cheers in the financial markets.

The result of all this excitement was that whereas gifts did nothing over the week—leaving the FT Government Securities Index nearly a tenth below its year's high point—equities moved strongly ahead and by lunchtime yesterday the FT

## LONDON ONLOOKER

30-Share Index was within sight of its year's high point—a rally of an eighth from March's low. Chartists are now talking breathily about a swift move back up and away through 500. But there are testing times ahead. Yesterday's rise in interest rates is not going to remove all the uncertainty about future movements. And

there are some crucial economic statistics—notably on international trade and the banking sector—due in the next week or two.

## Reed red lights

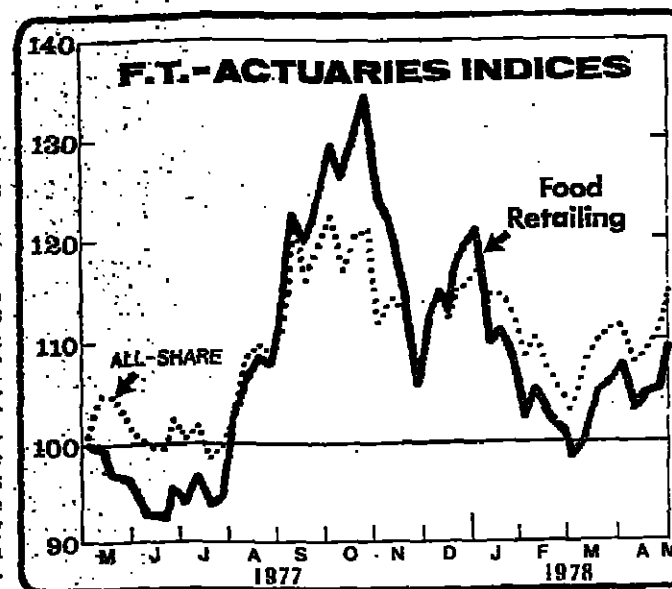
Although the shares of Reed International, the troubled paper giant, have rallied in recent months, leading brokers are still flashing red lights. The most optimistic recent reports call the shares highly speculative, while a new study from Grieverson Grant says openly that the degree of risk involved rules out purchases by either individuals or institutions.

Last week, despite the intention to pull out of South Africa, Reed's commitment intensified. This came about when Reed had to let its S.A. partner buy out of the Stranger pulp mill. In turn this focused attention more than ever on Canada, where losses, albeit declining, are still continuing. Grieverson now believes that Reed will have to stay locked

into Canada because the price it could expect from selling its subsidiary, Reed Paper, would not "have much positive influence on the gearing." The stockbroker firm argues that the true value of the assets of the main Canadian complexes is considerably lower than originally envisaged and that buyers would be hard to find.

If Reed can only raise, say, £20m, or so from the sales of the assets, as Grieverson estimates, then the broker believes it will stay locked in. The prospects then are a further two or three years' losses followed by low earnings until the early 1980s. Long term this means that Reed will have capital tied up in "an area of low average earnings growth with high risk and high cyclical" when the money could be better used in the U.K.

Grieverson is also of the opinion that the group will pass its final dividend although the effects on the shares will not be too severe. In holding this view it parts company from another broker, Buckmaster and Moore, which thinks that the shares would react to a final dividend (possibly down to as low as 90p) but that payment of



say, 6p gross—to bring the year's payout to 15p—could provide some short-term rise. Longer-term, though, Buckmaster is also chary of Reed's prospects.

## Food margins

Among the host of retailing results this week, the full year figures from J. Sainsbury gave heart to those who had feared the worst from the High Street price war. Though Sainsbury's second half margins fell to 3.7 per cent, its Discount '78 campaign has proved a success. This generated enough extra volume (up 8 per cent.) to limit the second half pre-tax fall to 11m, leaving the year ahead at £27.58m. (£26.18m.).

The question now is whether the downward spiral in food retailing margins has yet run its course. From 1975 to mid-1977 margins were steadily rising but Tesco's decision to drop trading stamps and adopt a low-pricing image changed all that. Inevitably the other retailers had to follow suit. It appears that they have done little more than match Tesco's tactics rather than go one better. So there is a good chance margins will be allowed to stabilise this year. If the status quo is maintained the food retailing sector could see modest profits growth

## Laing hive-off

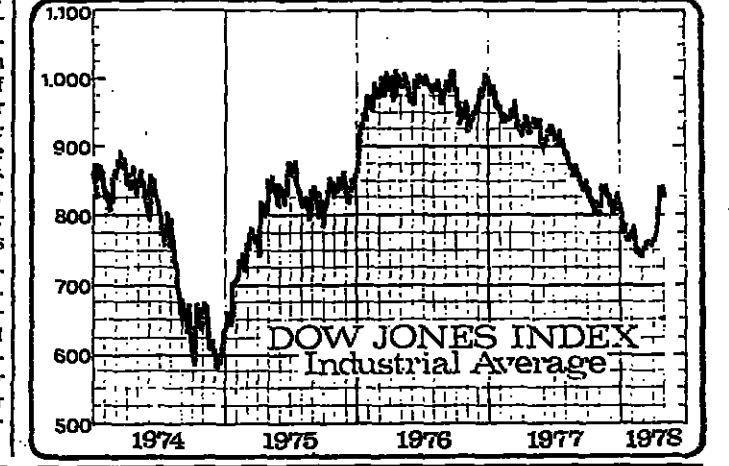
John Laing and Sons' plan to launch its £85.5m. property investment and development division as a separate listed company could, if tax and legal problems are resolved, open the door for a number of similar exercises throughout the construction sector. Taylor Woodrow, Wimpey, and Tarmac each have property operations of sufficient size to stand on their own. And, following the toxic move, separate listings would allow investors to see through the largely ungear weight of property assets in these companies, assets now obscured, in market terms, by their construction businesses. The proposals were enthusiastically received in the market and the shares topped the Data-Stream performance chart (for companies capitalised over £20m.) with a rise of 27 per cent. on the week.

## Miller's market

NEW YORK, May 5. THIS TIME last week market observers were waiting with bated breath to see just what the reaction would be on the New York Stock Exchange to the second upward movement of short term interest rates in eight days. For much of last year the Federal Reserve Board seemed to cause investors to throw up their hands in despair and to seek shelter for their money in the bond market or commercial

to the stock market was overdone. A few weeks ago before the current trading tumult got under way the Dow Jones Industrial Average was selling at a little over seven times earnings. Even at the end of last week, the median price earnings ratio on all stocks was only about 7.5 per cent. This is conservatively by any standards, not just the overheated peak of 19 times earnings which was recorded nearly ten years ago. As this column has pointed out time after time, stocks were heavily undervalued and it is not therefore surprising that three weeks ago a combination of cash-rich institutions and eager foreign investors thought that the dollar was sufficiently stabilised and the economic outlook sufficiently encouraging to go on a buying spree.

Although the market had declined nearly 20 points between Monday and Thursday of this week, the trading pulse has still been beating strongly and on both Tuesday and Thursday the market was able to recover from sharp mid-day declines of 10 or 11 points. It has been characterised this week as the "Miller market," reflecting the fact that Carter and that investors were putting their money behind the conviction that the U.S. economic recovery was too long in the tooth, too gentle to be sustained through 1978 and that as a result stormy waters lay ahead for American capitalism. By any standards, the version



## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change on	1978	1978	
Ind. Ord. Index	Ytd	Week	High	Low	
Treasury 15½% 1978	£120½	+1	£135½	£119½	Demand aggravates stock shortage
Bibby (J.)	229	-11	247	182	Yield considerations
Conzinc Rio Tinto	204	-10	217	148	Denial of recent bid rumours
Davies & Newman	119	-13	135	108	Lower profits warning
Downs Surgical	36	+5½	38	30	Profits setback
Furness Withy	275	+26	348	204	Good annual results
ICI	282	+28	282	204	Persistent bid speculation
Johnson Cleaners	100	+7	102	74½	Press comment/int. figs. soon
Johnson-Reichs (H&R) Tiles	130	+9	130	79	Revived bid hopes
Laing (J.) A	160	+27	162	121	Hepworth Ceramic improve offer
Lloyds Bank	285	+17	297	242	Good results/Prop. int. hive-off
Pechin's	124	+28	124	82	Prospect of higher lending rates
Redfern Nat. Glass	275	-45	327	262	Excellent interim profits
Sainsbury (J.)	190	+20	207	161	Monopolies Commission's ruling
Seas Hides	72½	+4½	73½	54½	Results match best expectations
Southern Kinta	185	+20	185	140	Excellent figs./Prop. revaluation
Vernon Fashion	111	+21	111	63	Rise in tin price

## U.K. INDICES

	Average	May	April	April
week to	5	28	21	
FINANCIAL TIMES				
Govt. Secs.	71.45	71.42	71.81	
Fixed Interest	75.51	74.64	75.80	
Ind. Ord.	474.4	462.5	454.3	
Gold Mines	143.1	141.0	138.4	
Dealings mtd.	5,323	4,914	4,590	
FT ACTUARIES				
Capital Gds.	208.99	202.70	198.46	
Consumer (Durable)	194.72	187.45	183.05	
Cons. (Non-Durable)	202.97	197.34	193.22	
Ind. Group	207.56	201.32	197.17	
500-Share	229.99	223.17	218.11	
Financial Gp.	164.86	160.20	159.06	
All-Share	212.49	206.56	202.36	
Rad. Debs.	58.44	58.54	59.19	

## Friendly Mr. Fraser

MR. MALCOLM FRASER is not the most obvious candidate as the Australian mining industry's best friend. Since he became Prime Minister over two years ago, his supervision of the economy has often appeared uncertain, adding another element of concern to the problems the industry was already facing in sluggish base metals markets.

Yet now Mr. Fraser is the bearer of good tidings. The inflation rate in the first quarter of the year at 1.3 per cent, showed the lowest increase since he came to power. The pressure on industry costs seems to be coming under control.

The result has been a revival of confidence. It has been seen on the stock markets, where Sydney and Melbourne investors have been out buying again, prompting an increase in London interest. It has been seen in the industry itself, not, it is true, in base metals, but in the coal, aluminium, iron ore and steel areas.

MIM Holdings announced this week the first stage of a large expansion programme for its Collinsville Coal operation. As a start, \$A10m. (\$6.2m.) will be spent so that export capacity will be 200,000 tonnes of high quality coking coal by July 1979. Ultimately the company hopes to be able to export 3.5m. tonnes a year. At present production is running at 850,000 tonnes for domestic use.

Comalco, part of the Rio Tinto-Zinc group, is preparing to spend \$A50m. (\$24.5m.) building up its stake in Queensland Alumina to 30.3 per cent. from 13.8 per cent. This will be done in part by buying the Combe Niotinto of Australia stake of 12.5 per cent.

CRA is the main RTZ vehicle in the region and it is considering a joint venture with the Korf group of West Germany to build a \$A100m. ministeel mill in addition to proposals already on the table for an integrated iron and steel industry for Western Australia, through the medium of Hamersley, the Pilbara iron ore producer.

Expansion is therefore being planned in spite of the depressed markets for many of Australia's raw materials. The latest evidence for which came from the Cliffs Robe River iron ore venture, also in Western Australia. Coarse output in the first quarter was just 2m. tonnes compared with 3.7m. tonnes in the same period of 1977.

But all this is not to suggest that the Australian industry has moved into a state of euphoric optimism. Mr. Rod Carnegie, the CRA chairman, told shareholders at the annual meeting that federal and state action in recent years had made the mining laws inconsistent, leading to uncertainty and low investment. The group therefore welcomed a statement from Mr. Fraser that the Government was urgently studying all matters which might inhibit foreign investment.

Syntec Economic Services, a Melbourne consultancy, has commented the unless foreign

investment capital flows into Australia, the economy will be in trouble.

CRA itself has been a victim of the uncertainty. Its plans with Howard Smith to mount a joint takeover of Coal and Allied Industries, the holders of a major coal deposit at Warkworth, have been checked by the withdrawal of Howard Smith, which felt that the New South Wales Government was opposed to the bid.

And there are other problems for CRA. Mr. Carnegie predicted that earnings this year would be substantially lower because of market conditions. Growth in

## MINING

PAUL CHEESRIGHT

demand remains slow, stocks are excessive, prices are sluggish and the weakness of the U.S. dollar has made exchange rates unfavourable.

This situation was summed up by Dr. Charles Fogarty, the chairman of Texasgulf, the U.S. and Canadian metals producer. "The length of the current down cycle for basic resources is especially surprising in the light of historic rates of growth in demand," he said in Houston. Against this background, MIM has been holding up well. After the first three quarters of the year to next June, net earnings were \$A39.6m. (\$24.5m.), compared with \$A35.1m. in the same period of 1976-77.

While there was a capital gain of \$A7.27 on the sale of investments, thus pulling the group's working figures down on the comparable period, the 1976-77 results were themselves unusually high, nearly double those of the previous year.

At the operational level higher lead and silver sales offset lower revenue from copper and zinc. Restrictions on lead smelter activity led to the sale of the metal in concentrate form, as well as the normal output. But when MIM considers the immediate future, it joins in the industry's chorus of woe.

While the short term outlook for lead and silver appears satisfactory, high stocks and excess capacity in relation to demand remain a depressing influence on copper and zinc prices," MIM stated.

Finally, a word about gold. The bullion price this week has stabilised again after the reaction which greeted the decision of the U.S. and Indian Governments to make official sales.

The price yesterday closed at \$172.875 an ounce, for a net gain on the week of \$2.35. "The average price of \$170.40 realised at the International Monetary Fund auction indicated the underlying firmness of demand, while news that the Indian Government would establish a gold import plan, which could involve purchases of 5m. ounces, strengthened market sentiment.

Gold shares, however, have moved narrowly and the Gold Mines Index yesterday was 141.9 compared with 147.7 a week before.



On Wednesday more than 400 tin miners from Wheal Jane in Cornwall lobbied Ministers and MPs at Westminster, hoping that the Government would persuade Consolidated Gold Fields, the owners, to keep the mine open.

## A new Unit Trust from Henderson

## Cabot American Smaller Companies Trust

## Experienced Management

Investments in Cabot American Smaller Companies Trust will be managed by Henderson Administration, an investment management company which has been involved in direct equity investment in North America both on Wall Street and in regional markets for the past thirty years. Over this period the managers have established and gained benefit from a wide range of contacts with stockbrokers, bankers and industrial managers. Contacts are particularly strong in regional cities where many of the more exciting investment opportunities are emerging.

Henderson Administration has been established in the City for 40 years and manages funds approaching £60m.

## American Opportunity

The Managers believe that market levels in the U.S.A. do not reflect the underlying strength of the economy. Currently it is experiencing a period of steady and sustained expansion rather than the violent swings of the previous decade. Once the current uncertainties, including President Carter's policies, have been resolved, we expect that the market will continue its upward momentum and the dollar return to being one of the world's most stable currencies.

## Prospects for smaller companies

Current economic conditions permit smaller companies in the U.S. to invest and expand with greater confidence than over the last few years. And whilst the Dow Jones Industrial Average has fallen 17% from its peak in September 1976 this trend is not reflected in the healthy condition of smaller U.S. companies whose share prices have been moving up against the trend whilst major companies operating in basic industries are still labouring under less favourable conditions.

Moreover, fund managers of American institutions, who dominate the movements of the stock market are paying increasing attention to the prospects of the smaller companies at a time when many of the major stocks continue to disappoint. Stockbrokers, also, are responding to this trend by sponsoring a far wider range of companies than hitherto.

## Cabot American Smaller Companies Trust

In the belief that real opportunities for capital growth exist in smaller American companies, Henderson Unit Trust Management Limited is offering a new unit trust with a portfolio of shares in quoted American companies having above average earnings growth potential from a smaller market capitalization base.

The portfolio will contain a wide spread of shares covering many sectors of the market. It will contrast with the more conventional U.S. equity portfolios in that there will be a careful selection of smaller companies which show particularly good prospects in terms of earnings growth.

\* We offer over thirty years of American investment experience.

\* At present we believe that American shares are attractively priced.

\* And that smaller companies offer a promising alternative to conventional US portfolios.

\* Units in this new fund are now available at the fixed initial offer price of 50p each.

Cabot American Smaller Companies Trust will operate a dollar loan account as well as making investments with premium currency. In view of the high level of the premium at present it is likely that the loan proportion will initially be significantly greater. In these circumstances the estimated starting gross yield on the Trust will be 0.5%.

Please remember that any unit trust investment should be regarded as long term. The price of units and the income from them can go down as well as up.

## To Buy Units

To invest in the Cabot American Smaller Companies Trust at the initial offer price of 50p simply return the application form below together with your remittance either direct, or through your professional adviser. This offer closes on 12th May or earlier at the Managers' discretion.

## Additional Information

Units will be available after the offer closes at the normal daily price. Unit Prices and Yields are published daily in leading newspapers. Commencement of 12% will be paid to recognised agents. An initial charge of 5% is included in the offer price. An annual charge of 2% (plus VAT) of the value of the trust is deducted from income to cover administrative costs. Distributions will be made on June 1st and December 1st. The first distribution on units purchased under this offer will be made on December 1st 1978.

## SHARE EXCHANGE SCHEME

Our Share Exchange Scheme provides a favourable opportunity to switch into this Unit Trust. For details please tick box or telephone Geoffrey Shirecore 01-588 3622.

To: Henderson Unit Trust Management Limited, Dealing Dept., 5 Rayleigh Road, Hutton, Brentwood, Essex CM3 1AA. Telephone enquiries 01-588 3622.

I/We wish to buy \_\_\_\_\_ units in Cabot American Smaller Companies Trust at the fixed price of 50p per unit (minimum initial investment 1,000 units).

I/We enclose a remittance of £ \_\_\_\_\_ payable to Henderson Unit Trust Management Limited. After the close of this offer units will be available at the daily quoted price.

Surname: Mr./Mrs./Miss \_\_\_\_\_  
Initials: \_\_\_\_\_  
Christian or First Name(s): \_\_\_\_\_

Address: \_\_\_\_\_

I/We declare that I am we are not resident outside the Scheduled Territories and that I am we are not acquiring the units as the nominee(s) of any person(s) resident outside these Territories.

Signature(s) \_\_\_\_\_

(If there are joint applicants each must sign and attach name and address separately.)

Date: \_\_\_\_\_

This offer is not available to residents of the Republic of Ireland.

**Henderson**  
Unit Trust Management



## FINANCE AND THE FAMILY

## Trust set up for children

BY OUR LEGAL STAFF

By her will my mother left £2,000 to each of my three (minor) children to be held by me as one of the executors until they become 25 years old. I propose to put the money along with my own funds in various forms of investment. Could you tell me if there is any advantage in setting up a trust to hold the investments and whether there are any tax advantages?

For reasons of tax and trust law it is most important that the children's trust funds and investments be kept absolutely separate from your own. There must be no mingling. It is not a question of whether there is any advantage in setting up a trust—a trust already exists—it was created by your mother's will and you are bound by its terms. On the conclusion of the administration period, you and your co-executor will assume

the status of trustees, and indeed there may be a period during which you have dual status.

We should draw your particular attention to sections 31 and 32 of the Trustee Act 1925 and in sections 16, 17 and 18 of the Finance Act 1973 (as amended). On the question of the transition from executorship to trusteeship, you should bear in mind subsection 6 of section 16 of the Finance Act 1973.

where personal representatives, on or before the completion of the administration of the estate, pay to trustees any sum representing income which, if personal representatives were trustees within the meaning of this section, would be income to which this section applies, that sum shall be deemed to be paid to the trustees as income and

to have borne income tax (at the basic rate).

It is at the point of transition, therefore, that the additional 15 per cent. tax liability arises under section 16, bringing the children's effective tax burden up to 45 per cent. flat-rate.

If you and your co-executor hope to avoid the expense of professional guidance, you will clearly have to spend an hour or so in a public reference library, checking up on trust and tax law. The British Tax Encyclopedia may be particularly convenient as a starting point, for it contains the amended text of sections 31 and 32 of the Trustee Act 1925, with explanatory notes, as well as the tax legislation; you will readily spot its light blue volumes (five looseleaf and three bound, with supplements) on library shelves.

## Trespassing Animals

Referring to your reply under Trespassing Animals (April 8) my livestock through straying onto the public highway from an open gate in the paddock, have then entered and damaged neighbouring gardens and I have been held responsible. Could you please explain?

Since you would not be responsible for cattle trespassing onto land from the highway (Animals Act 1971, Section 5(3)) the loss would lie where it falls, namely on the owner of the land onto which the cattle stray—if any damage is in fact suffered. But this exception from liability only applies where the presence of the cattle on the highway was a lawful use of the highway.

## Transfer tax on a house

My father left me his house in his will. Am I or is the estate, liable for capital transfer tax on it? Does it matter whether the land is freehold or leasehold? If the will makes no specific provision in the devise to you (for example "free of all taxes") the devise would bear any capital transfer tax attributable to the subject of the devise. The old technical distinction between freehold and leasehold has no significance here.

## Tenants and repairs

I am one of three girls occupying a flat at £75 a month rent, one of us having signed the lease. The agent wants a rent increase to £100, or £90 on condition that we have the flat redecorated and a new kitchen floor installed. What please is our legal position? If the rateable value of the flat is low enough (£750 or less) you are most probably able to invoke the protection of the Rent Act 1977. The contractual tenant and the landlord is not entitled to raise the rent above the lower of (a) the contractual rent as provided in the lease; (b) the fair rent if you apply to have such a rent registered. As to this, consult the local Rent Officer.

## A power of attorney

I am concerned about the affairs of an old cousin who is becoming senile and confused and it seems to me it would be desirable to obtain a power of attorney to deal with them. Would I necessarily have to get this by application to a solicitor, or can I do the job myself? You can use the form set out in the First Schedule to the Powers of Attorney Act 1971, namely: THIS GENERAL POWER OF ATTORNEY made the day of 1978

## CITY OF WESTMINSTER ASSURANCE

## Flexible Pension Plans

Whether you're self-employed or eligible for our Directors and Executives Pension Scheme, City of Westminster Assurance can give you an outstandingly flexible pension plan backed by a highly successful investment record.

When choosing a pension plan, it is vitally important that you should know what your options are. All too many schemes fail to cater adequately for the individual requirements of a particular person.

City of Westminster Assurance, however, has based both its Self-

Employed and Director's Pension Plans on the premise that the individual comes first. Freedom of choice is a key factor in both these contracts, allowing investors real flexibility about the way they invest and subsequently draw their benefits.

Ask your broker for details of whichever plan is appropriate for you. And bear in mind that City of Westminster has an excellent long-term investment record backed up by a special reputation for original thinking in the field of pensions and life assurance.



Century House, 36 Leadenhall Street, London EC3A 3BJ.

## The high cost of crime

EVERY SIX months the British Insurance Association collates and publishes information about the amount of crime loss payments its members have made under property policies. At this time of the year the BIA's review always covers the previous calendar year, and the BIA estimates for 1977 have just come to hand.

These estimates deal only with the company market and do not include payments made by Lloyds underwriters: they are subject to the further limitation that they do not include theft losses of or from motor vehicles or commercial losses insured under marine policies.

There are two broad divisions of the BIA's figures—commercial and domestic. Under this latter heading are included claims incurred under household and "all risks" insurances under the former, claims incurred under policies on commercial and industrial premises, under money and under goods in transit policies.

The company market's 1977 payout under these various headings is reckoned to have amounted to £84.2m., including £30.3m. under household policies and £28.9m. under "all risks" policies, so that a total of

£59.5m. is attributable to the domestic sector, and only £24.3m. to the three commercial categories.

On the basis of these figures the BIA says that theft losses from private homes have increased by over 200 per cent. in the past four years, which taking into account the 100 per cent. monetary inflation in the same period leaves the real increase at around 100 per cent. Domestically the community is sustaining more crime losses and losing more property when thefts and burglaries occur.

Last year the police statistics for England and Wales showed that in 1976 there were over 230,000 household break-ins reported to the police: there must have been many more not so reported. It is reckoned that there are some 20,000,000 "housing units" in England and Wales ranging from the large owner-occupied house to one-room bedsitters; so the individual odds against any one of us having a burglary may be said to be relatively long—100-1—but because crime is primarily of urban and suburban the odds

are in fact somewhat shorter for those of us who live in and around the big cities. We must expect that when the 1977 police statistics are published later this year they will show a further

ferently, with insurers relating premium much more to the scope of the cover afforded and to both current and developing claims trends. Because of the price differential of these contracts when contrasted with the old established lines, they have not always sold as well as their sponsors hoped: the evidence is that by and large most people seem to buy household insurance by price rather than by cover and clearly prefer to stick to their old and now under-priced policies.

Claims cost pressure has long been building up on all insurers transacting household business to alter their standard ratings for contents claims—indeed it is surprising that pressure has so long been contained. But alteration to standard rating is not the only solution.

A couple of years back the then RIA chairman suggested that insurers might have to consider imposing either a general excess on all aspects of household contents cover of a partial, or a choice, more premium the suggestion was valid then, or an excess—which would you, how much more is it valid now? prefer?

And how many insurers have thought and are thinking more deeply about the suggestion?

Compare motor insurance. Many motorists insure their cars not against all accidental damage but with an excess, which in today's monetary terms is usually at a minimum of £25 and may rise to as much as £100 or more: those who voluntarily bear such excesses count it preferable to pay less premium and take some of the risk themselves. The risk of damage to one's motor car is still much higher than the risk of sustaining a loss in the home, whether by fire, crime, or otherwise, so logically the motorist who bears a motor excess should be prepared to bear a household contents excess at least of similar order, to avoid having to pay premium at an increased rate.

Obviously most householders want to have their cake and eat it, to continue enjoying the full benefit of current cover without excess and to go on paying premium at current rates. Assuming that this will not be possible for very much longer, hold contents cover of a partial, or a choice, more premium the suggestion was valid then, or an excess—which would you, how much more is it valid now? prefer?

## INSURANCE

JOHN PHILIP

worsening of the situation—particularly as in 1976 the depleted police force was able to "clear up" only 34 per cent. of domestic burglaries.

Most of us enjoy household insurance cover on the contents of our homes by paying premium in the 20-25p per cent. bracket—this rating bracket has been long established and dates from pre-war days when not only was claims experience very different but policy cover was very much more restricted than it is now.

Some of the new household contracts introduced in the past two or three years have of course been priced very dif-

## Will you accompany me?

AT WHAT POINT would I answer. If you ask where are pay less tax if I turned myself into a company? £17,953 per annum is not the answer. Or rather it is a perfectly correct answer, but the question is wrong. We will demonstrate in a moment why the question is misguided, but first let us examine the answer. Many people find the figure surprisingly high, but its proof is as follows:

Income as an individual	£	17,953
Less married allowance and allowance for two children under 11 ...		1,735
		16,218
	Liab	Equals
	at	tax of
First 750	25	187
Next 6,250	34	2,125
1,000	40	400
1,000	45	450
1,000	50	500
1,500	55	825
1,500	60	900
2,000	65	1,300
1,218	70	853
16,218		7,540

Income of a company £17,953  
Liab at small companies' rate of 42% = tax of £7,540  
But the question was wrong. First it elicited simply a factual

the prettiest girls in England to be found, it may be interesting to be told that they are in Nottingham; it may indeed be true, but it will be unhelpful. The better question is one which produces a usable answer. "Would I be more likely to achieve, in Nottingham, the blissful estate (taxwise) of a married man with two children under eleven?"

The second shortcoming to the question (the original question, about tax) is that the objective answer it produces is actively misleading. Incorporating yourself is not the correct course to adopt when your income reaches £17,953.

Determining when that is the correct course to adopt is a considerably more difficult problem. The solution, if there is any such, is probably to be found along the following lines. Assume first that your taxpayer's income is £9,735. His tax liability on this figure is:

£9,735 free £ —  
750 at 25% = tax of 187  
6,250 at 34% = tax of 2,125  
1,000 at 40% = tax of 400  
£9,735 £2,712

If he drew a further £1, his marginal rate would become 45 per cent. If he left this £1 in the company, tax would only claim 42 per cent. of it. But £1 left in a company does not pay the grocer's bills. In order to do that, either it has to be taken out in a later year as salary or dividend, or the company itself must be turned into cash by sale of its shares.

## TAXATION

DAVID WAINMAN

So we have to make a further assumption about the increase in the worth of the company arising from that extra £1 inside it. It may well be invalid, but the only possible hypothesis is an increase of £1 for every £1 retained.

Let us take our assumptions a stage further by taking an increased profit level. Assume: Company's total profits £11,460 less drawn as salary 9,735

free of tax, and this is the retention band for the company, postulated increase in their of £41,378. We have earlier, value. The marginal rate of assumed that the company's tax on the top £1,725 of profit taxable profits were £8,625, and generated by the taxpayer's this further sum takes it to the endeavours is therefore 42 per cent. at which the 42 per cent. "small companies" corporation tax rate ceases to operate. The next £2,000 of profit should aggregate of corporate and be drawn out as extra salary. Individual taxes on this £41,378 works out at 61.5 per cent. (The 45 per cent. and the remainder capital gains tax is 30 per cent. at 50 per cent. Then the next of the whole gain, because the £8,900 should be left in the relief for small gains no longer apply.)

We have so far accounted for the total profits of £64,735:

	£		£
Company's new total profits	20,380	Drawn as salary	14,735
Less drawn as salary	11,735	Retained in company	50,000
Company's pre-tax	8,625	Net increase in value of company	£29,000
Tax at 42 per cent.	3,625		
Company's retention	£5,000		

If we assume a pound for pound gain in capital value, since £4,000 of such a gain is taxable at 15 per cent, the liability would be £600. The company has paid £2,900 on its £6,900 increase in taxable profit, and the individual £800 on his capital gain. The aggregate of these works out at a marginal rate of 50.7 per cent.

Thereafter, if profits increase, another £3,000 should be drawn as salary to use up the 55 per cent. and 60 per cent. rate bands. We are undoubtedly now pushing our hypotheses to their breaking points, but there is then in theory a very broad

## The decorative arts

IN THREE somewhat frenetic days—April 19, 20 and 21—Sotheby's Belgravia sold just over 1,350 lots of furniture, textiles, ceramics, metalwork, jewellery, glass and graphics made over the period between approximately 1870 and 1940. These dates bracket several important movements in art, of which the most significant from the point of view of these sales were the aesthetic movement, Art Nouveau and Art Deco.

There were a number of lessons to be learned from these sales. First, the decorative arts of these periods represent some of the fastest moving areas of the contemporary art market. Second, the market is now truly international (the Japanese, for instance, represent the mainstay of the market in 19th-century English stained glass). Third, despite the extraordinary rise in prices over the past year to 18 months, the market is now large enough and rich enough to absorb the quantities which Sotheby's have offered recently.

The rise in value spreads across the board, from a set of three tapestries designed by Burne-Jones at just over £100,000 (one of which failed to sell at Sotheby's for under £200 30 years ago) to 20th-century pots by Bernard Leach at between £1,500 and £2,000 (again a strong Japanese market).

An attractive but unsubstantiated French Art Nouveau pendant jewel at just under £8,000, to industrially made Lalique glass of the 1920s at between £1,500 and £5,000 for good pieces, to a bronze lamp in the form of the dancer Lolie Fuller by the sculptor Raoul Laroche at £8,800.

This last-named piece is one of the most famous and often reproduced examples of the curvilinear, "whiplash" style of French Art Nouveau. Examples are not particularly rare, although there appears to be something of a famine of late. However, the price of £8,800 can be placed in some perspective by quoting from the Financial Times-Sotheby Art Market Review of September 21, 1970:

"In 1966, during the initial boom period, these lamps fetched £350 to £400; the following year, their value halved, but during the past year several examples sold in Paris, London and Copenhagen have fetched between £360 and £600."

Reading through that 1970 were a moulded glass lamp article to-day, it can be seen called L'Oiseau de Feu, and a glass clock called Le Jour et La Nuit, these fetched £4,180 and £4,840 respectively, the prices in both instances being not far short of double the top estimates. Identical examples of the Sotheby's Belgravia sale were sold by Christie's in 1976: in July of that year, an example of L'Oiseau de Feu fetched £2,420 and the previous April, a Le Jour et La Nuit made the top estimate. As for the curvilinear "whiplash" lamp, this quoted article was written, an example made £44,000 at the time of the sale. The value of good Lalique glass of the 1920s, none of which, one should point out, is particularly rare, has more than doubled since 1973-76, and in many cases has trebled or even quadrupled.

French Art Nouveau and Art Deco, however, are, and always have been, considered the most fashionable and generally desirable areas of the market, and therefore, if anything is going to increase dramatically in price, one would have expected them to have done so to a more marked extent than anything else. However, the extraordinary rises in value are not confined to them alone. English 19th- and 20th-century art pottery and studio ceramics, which were well represented in the Sotheby's marathon, also proved quite remarkably expensive, as, with one or two exceptions, they had done at Christie's the previous week.

Among the exceptions, Ruskin pottery showed a remarkable increase in price between 1970 and 1975, top pieces rising in value during that period from around £40 to over £500. However, values have fallen back of late, both Christie's and Sotheby's Belgravia sold very fine examples last week for between £200 and £400, a noticeable drop on the 1974-75 levels. Prices are not as low as they

FT/SOTHEBY ART MARKET REVIEW

sive market of 1970. Last year saw Sotheby's Belgravia sell a 9 1/2 inch glass vase by Emil Gallé, with applied and carved decoration, for £22,000 and a gold and enamel pendant jewel (or perle de Corse) by Georges Fouquet after a design by Alphonse Mucha realised £26,190 at a Sotheby sale in Monte Carlo. However, even over the last two years, there seems to be an extraordinary gap in prices, well illustrated by two pieces of Lalique glass. In the small and interesting collection of Art Deco objects formed by Martin Battersby, a well-known authority on the period, and sold by Sotheby's Belgravia on April 21, the two most important lots of Lalique

were last year or the year before, and it is interesting to note that French, German and American collectors are now beginning to buy Ruskin. It is arguable that this factory, which existed from 1895 to 1935, produced some of the finest high-temperature transmutation glazed stoneware ever made in Europe, and it seems likely that after a year or two's lull, prices will begin to rise again steadily.

The most remarkable prices, however, were paid in four specific areas—Martin Brothers Doullton salt-glazed stoneware, Mooreroff and Bernard Leach, and the exception of Moorcroft, which still remains a predominantly English market, the levels of prices in the other three areas were created by strong overseas interest. American and Canadian for Martin and Doullton, Japanese for Leach.

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## YOUR SAVINGS AND INVESTMENTS

## Old Lady beats a retreat

THERE WERE a few raised eyebrows in the City yesterday following the rise in minimum lending rate. Not as you might think, because the rise was as large as it was — a full 14 percentage points (to 8½ per cent.) but because it was not larger. For quite a few people have been working on the assumption that it would go to nine.

As it is, things are bad enough for those of us who are borrowing money: but what of those who still have it to lend? Is this the moment to place it in the market, in the belief that rates are set to go one way only — downwards? Or should you hold off in the belief that the Bank of England will be unable to resist the pressure for the extra quarter point — or maybe even more?

It all depends on what the alternatives looked dreary, at best. That's no longer the case: there are other homes now for international money. And unless it can be demonstrated that the British economic revival is something more than a flash in the pan, that's the way the hot money will go. So the next set of trade figures will be important.

Under these circumstances anyone with money to put on to long term deposit would probably do well not to be too hasty in rucking it away. If opinion in the money markets swings next week, and rates start to decline again, he (or she) might miss out on the best of the bargains going. But the risks that way don't look as great as the risks the other.

Institution/Fund	Currency	Listing	Valuation	Minimum purchase on issue	Initial charge %	Annual charge %	Asset growth over 1 year 5 years
Barclays Unicorn International (Isle of Man)	£	Weekly	200 units	5	—	—	7.7 — 5.5
Australian External	£	Weekly	200 units	5	—	—	— — 26
Australian Mineral	£	Weekly	200 units	5	—	—	— — 4
Greater Pacific	£	Weekly	200 units	5	—	—	18.5 — 27.8
International Income	£	Weekly	200 units	5	—	—	— — 48
Isle of Man Trust	£	Weekly	200 units	5	—	—	—
Manx Mutual	£	Weekly	200 units	5	—	—	—
Barclays Unicorn International (Channel Islands)	£	Weekly	500 units	5*	1	4/1	67.5
Overseas Income	£	Weekly	100 shares	5*	1	—	NA
Unidollar Trust	S.U.S.	Weekly	50 shares	5	—	—	NA
Unibond Trust	S.U.S.	Weekly	50 shares	5	—	—	NA

\* Reductions for large amount. † Charge added to flat price.

## Investing offshore with a clearing bank

IF THERE is one name calculated to inspire confidence in the far-flung expatriate it must be, surely, that of Barclays Bank. Familiar from the High Street branches at home and for those expatriates with memories long enough from Barclays DCO, that pillar of colonial society. Barclays DCO has gone, but the bank is doing its best to retain its influence in the far corners of the world with wholesale banking through Barclays Bank International for the locals, and a clutch of offshore funds for the expatriates.

As the table indicates, few of those with any claim to longevity can likewise lay claim to an outstanding performance — Barclays Unicorn Overseas Income being the shining exception to that rule. There are, however, reasons for the poor showing, in particular, of the Isle of Man funds: they only came under their present management four years ago. And performance of Manx Mutual in particular — an equity fund with a heavy investment overseas — has been dogged by previous misfortunes with bank to bank loans and an unfavourable movement in exchange rates.

Of the bank's offshore funds, the portfolios of both the Isle of Man Trust and the International Income trust contain a proportion of gilts — which is reflected in the level of their yield, while the Channel Islands Overseas Income fund is entirely invested in gilts and cash, and the brand new Unidollar (to invest in Eurodollar issues) is 75 per cent. liquid.

Obviously the two dollar denominated funds are only available for investment by those who have established residence abroad, not merely for the purposes of tax, but also for those of foreign exchange.

In the case of both the Channel Islands funds, and those based in the Isle of Man, it is possible to have income reinvested — in fact in the case of Greater Pacific you can't get income out if you want to, since it is an accumulation fund. In each case, too, having made the minimum initial purchase, it is possible to put smaller amounts of money in on a regular basis.

THE BONUS DECLARATION season is over for another year, and investors in general have reason to be satisfied with the outcome. Several of the life companies have raised their rates of reversionary bonus (the main part of the bonus system), some of them quite substantially. A significant minority of companies have kept their rates unchanged, but many of these companies made significant increases for 1976. What has been noticeable this time round, however, has been the virtual absence of increases in terminal bonus rates despite the strong stock market recovery last year.

The magazine Money Management has with commendable speed produced in its May issue its annual survey of performance for with-profit contracts. The table above, taken from the magazine, shows the life companies with policies maturing this month which have produced the best performance. There are some interesting observations to be drawn.

The first is that, with the exception of Sun Alliance in the 25 year table, all the top places are occupied by mutual companies which have no shareholders. Where shareholders are involved a part of the profits on life funds has to go to them, and this gives the mutual companies an edge, since all profits belong to policyholders.

The second is that, while one company stands out at the top in each case, thereafter the

few organisations in the investment world can outpace M and G. It is not just that a large proportion of the funds under the group's investment management perform consistently well — though they do, as many of M and G's unit holders have cause to know. It is the air of solid rectitude as well: the quiet aspirations to moral leadership. It comes, then, as something of a shock to discover that in its origins M and G was — well — quite colourful.

Municipal and General Securities was in fact formed in the early 1900s to outmanoeuvre the Finance Minister of a defaulting South American republic. The man said the revolution had left his country too poor to meet its debts; so some of his civil engineering creditors floated Municipal and General to provide him with the wherewithal.

From such goings-on — strange investment strategy and tactics to our lily-livered later 20th-century sensibilities — M and G went out onto the Thames. He was most emphatically redeemed by the arrival, in the early 1930s, of Ian Fairbairn, the unit trust business, which

able, graduate of LSE, had been made in the early 1930s, in the aftermath of the Great Crash, with the formation of the First British Fixed Trust, but over the development of the managed fund idea, introduction of the first (£10 a year maximum) savings plan, expansion into pension fund management and the first steps into unit-linked life assurance.

Ian Fairbairn also gave his financial knowledge at various British universities. M and G itself may now be making its own terms with the more rigid of the precepts of Uncle Ian, but his influence lives on.

He was, says John Fairbairn, wife's name to the charitable "somewhat austere," and M and G foundation which now owns G's management sat at his feet almost 40 per cent. of M and G's — more or less literally, when shares (a similar proportion as they came together to mull over

## Making a choice of life company

difference in returns among the top companies is fairly. But the advent of terminal bonuses has confused the picture somewhat. Some companies will not use terminal

But one should not choose a life company solely on past performance. It is what happens in the future that matters. Life companies have become much more conscious of competition in recent years — one effect of greater publicity perhaps — and they have been lifting bonus rates as a consequence. But it takes time before this is reflected in past results, since it is difficult to make up for lower rates of previous years. So future projections on current bonus rates should be used as a guide, and the magazine also shows these figures.

## ASSURANCE

ERIC SHORT

bonuses in quotations, and with some companies the ultimate terminal bonus can be a significant proportion of the total value. So comparison of projections can be extremely misleading.

So future projections on current bonus rates should be used as a guide, and the magazine also shows these figures.

But with careful analysis, the

RETURN ON £10 A MONTH INVESTMENT, INVESTOR AGED 39 AT OUTSET

10 years 15 years 25 years

Company Value Company Value Company Value

Equitable Life 1,904 Clerical, Med. and Gen. 3,524 Clerical, Med. and Gen. 7,819

London Life 1,826 Equitable Life 3,300 Standard Life 7,783

Friends Provident 1,734 London Life 3,217 Norwich Union 7,594

U.K. Provident 1,734 Standard Life 3,123 Sun Alliance 7,465

Irish Life 1,723 Ecclesiastical Life 3,112 Scottish Widows 7,376

Clerical, Med. and Gen. 1,718 Friends Provident 3,110 Equitable Life 7,324

Source: Money Management.

## Background to a British institution

From such goings-on — strange investment strategy and tactics to our lily-livered later 20th-century sensibilities — M and G went out onto the Thames. He was most emphatically redeemed by the arrival, in the early 1930s, of Ian Fairbairn, the unit trust business, which

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## An amateur's guide to investment

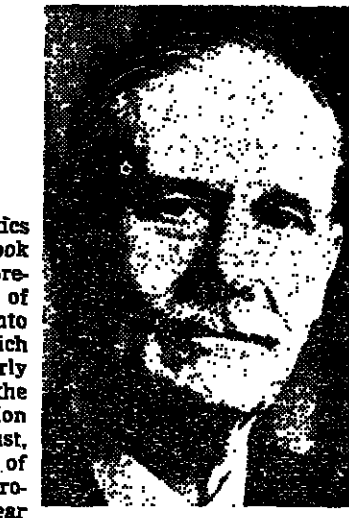
IT HAS been said for so long now that the Stock Exchange and the small investor are bad news for one another, that it has very nearly passed into accepted wisdom. But not everyone believes it. Stock-brokers Grieson Grant do not. On the contrary, as far as they are concerned the private investor is very good news indeed. And to emphasise the point they have just produced a booklet aimed directly at the species: "Stock Exchange Investment for You."

Much of the booklet concerns itself with basic answers to basic questions, on the fundamentals of investment procedure: "What Stock Exchange investments can I buy?" "What about Unit Trusts?" "How do I sell?" But it also tackles one or two questions of principle which are, perhaps, more basic still. Notably: "Why should I buy Stock Exchange investments?"

And the answers are very sensible: to obtain a return, to maintain the real value of your savings and wealth, but above all, because "the choice of investment is much wider than anywhere else. You can go for maximum safety or accept some risk. And it is much easier to suit your investments to your personal needs and your tax situation."

That is a point worth making. So too are the brokers' contentions that your investments can be as secure as you wish, and that they can be easily and quickly turned into cash: for nearly all investments quoted on the Stock Exchange, "there is always a price." Where perhaps they slip up a little is in discussing the cost of dealing. It's true that they go into the identifiable costs — stamp duty, commission, VAT and contract stamp — but they don't discuss the spread between the buying and selling costs of a share, which can add quite considerably to the costs of dealing.

\*Stock Exchange Investment and You, available from The Private Client Department, Grieson, Grant and Company, P.O. Box 191, 59 Gresham Street, London EC2P 2DS.



Kleinwort Benson), and which, inter alia, now funds the Esmée Fairbairn chairs established for the spread of economic and

financial knowledge at various British universities. M and G itself may now be making its own terms with the more rigid of the precepts of Uncle Ian, but his influence lives on.

## Motor bonus

ALL OF US motorists have become used to paying core each year to insure our cars. But it is possible to shop around the motor insurers to find a rate that is cheaper. And the evidence is that so many motorists are doing this that the insurance companies are sufficiently perturbed to take some sort of action.

Certainly the rises that have been announced so far this year have been far less than anticipated by leading analysts specialising in this field. Now one leading insurer, the Co-operative Insurance Society, has announced a bonus scheme that is good news for two-thirds of its 700,000 policyholders.

Motor insurers fix their rates taking into account the anticipated number of claims and the expected increase in their cost of claims. The latter depends on several interacting factors, the cost of spares and new cars, the cost of labour and the size of settlements made by the courts. The underwriter has to anticipate the way inflation will affect these costs and allow for it in his calculations. When inflation was rising rapidly in 1974 and 1975, underwriters consistently underestimated the inflation factor, with the result that rate increases twice a year were quite common.

The more prudent underwriters allowed for a high rate of inflation and as a result saw their competitive position progressively undermined because they charged more. But now that inflation has fallen considerably, their motor accounts are producing underwriting profits. The 1977 motor underwriting results have been patchy, with some companies running considerable losses while others have shown healthy profits. One reason is the size of previous rate increases.

Most insurers have given such profits to shareholders, as some compensation for previous losses. But the CIS, with a profit of £3.5m. last year, has no shareholders, so it has decided to give some of that profit back to the motorist. The bonus will take the form of a 3½ per cent. reduction on the next premium for motorists who have been at least three years with the Society. This cuts the rate increase to about 2 per cent. — a level unheard of in recent years. Not only does this method encourage motorists to stay with the CIS, but it rewards the loyalty of those who remained with the Society at the time when rates were rising rapidly. It also gives the underwriters more freedom to be cautious in their rating, since any excess profits will go back to the motorist. Other insurers may follow this lead.

## Invest in the USA through Nat West's newest fund.

## Investment opportunity

To many experts the USA currently appears a particularly interesting investment prospect. For although share prices have recently been close to a three year low, the American economy retains great intrinsic strength, backed as it is by a wealth of natural resources, a highly productive agricultural sector, and the largest and most technically advanced industrial sector in the world.

## NatWest expertise

National Westminster's Universal Fund has been designed to cater for the needs of investors looking for a simple and effective means of getting into overseas markets — particularly the USA where 70% of

the fund is currently invested. The fund was launched only 13 weeks ago — but already it has grown in value to over £4.5 million.

It is actively managed by a small panel of specialists from the National Westminster Group and Commercial Union drawing freely on National Westminster's world-wide connections.

The Managers aim is to provide maximum capital growth from high quality international shares, and apart from the USA the Managers have invested around 10% of the Fund in Canada, 10% in the Far East and 10% in the UK, concentrating on companies with a high overseas content.

As with any unit trust, investment in National Westminster Universal Fund should be regarded as long term. Please remember that the price of units and the income from them can go down as well as up.

## How to invest

The minimum initial investment in the Fund is £500. You can purchase units simply by completing the application form below and returning it to the address shown or taking it to any branch of National Westminster Bank. Do not send any money. We will issue a contract note showing the amount due and forward a certificate within 42 days.

**Additional information**  
Distributions of net income will be made half yearly on 18 June and 18 December. For your guidance, the offer price of units on 4 May 1978 was £2.8p each giving an estimated gross current yield of £2.20% p.a. (This is equivalent to a net yield of £1.45% p.a.) Units can always be bought at the prevailing offer price. The current offer and bid price and estimated gross yields are published daily in the press. If you wish, you can buy units from your own bank, stockbroker, solicitor or accountant. A commission of 1% is payable to approved agents. The offer price of units includes a preliminary charge of 6%. Thereafter a half yearly charge of 1.25% plus VAT for each £100 value of the Fund is deducted from the gross income of the Fund to cover administration costs. To sell units simply return your certificate(s) duly endorsed and you will receive the cash value in a few days. The Management Company is National Westminster Unit Trust Managers Ltd. The directors are: R. Leigh-Pemberton D.L. (Chairman), R. W. Ansell, E. A. Barnes, A. H. Dibbs, J. F. G. Empey, P. J. Jacobs, J. F. Morton, J. M. F. Piddox, Sir Francis Sandilands CBE, J. T. Webb, P. W. Wilkinson. National Westminster Unit Trust Managers Ltd is a member of the Unit Trust Association. The Trustee is Royal Exchange Assurance. This is a "widerange" trust investment. This offer is not available to residents of the Republic of Ireland.

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Full (first name(s) Mr/Ms/Miss \_\_\_\_\_

Surname \_\_\_\_\_

Address \_\_\_\_\_

Signature \_\_\_\_\_

I/we declare that I am/we are not resident outside the Scheduled Territories (as defined in the Bank of England Notice CCA) and that I am/we are not acquiring the units as nominee(s) of any person(s) resident outside these territories (If you are unable to make this declaration it should be deleted and the form lodged through your bank, stockbroker or solicitor). I am I/we are over the age of 18.

Signature (s) \_\_\_\_\_

National Westminster Unit Trust Managers Limited registered in England No. 307310. Registered Office 41 Lombury, London EC2P 2BP

## Buy America with Schlesingers A 'Blue Chip' portfolio

The recent rise in the U.S. stock market, accompanied by record volume, suggests the sort of buying opportunity seen in the U.K. early in 1975. This rise has featured dramatic increases in the share prices of "Blue Chips".

## Trident American Growth Fund

This authorised unit trust, managed by Schlesingers, is effectively 100% invested in leading U.S. companies. Whilst second-liners have proved especially resilient over the last year, the recent sharp market rise has featured the shares of leading companies.

The fund's "Blue Chip" portfolio is still on a low valuation base with the shares looking very attractive relative to smaller issues.

## The case for investing in the USA.

1. Note the fundamental values:

	Standard & Poors 500 Index	1977	1978
20 Year Average 1957-1976	15.5%	10.95	11.95
Estimated earnings	8.5%	8.5%	8.5%
Prospective P/E Ratio	3.5%	4.60	5.25
1. estimated Dividends	4.7%	4.7%	5.4%
Prospective Yield			

At current levels, U.S. stocks are selling at roughly half the 20 year average price/earnings ratio and yielding some 55% more.

2. Geographical diversification  
This chart shows the size of the five largest stock markets as a percentage of the total free world's stock markets. Note the U.S. domination.



## Avoiding the dollar premium

Recent press comments have drawn attention to the problems of the dollar premium. The Trident American Growth Fund makes heavy use

Schlesingers — specialists in the management of private, institutional and pension funds.

To: Schlesingers Trust Managers Ltd., 140 South Street, Dorking, Surrey.

I wish to invest £ (minimum £500)

in the Trident American Growth Fund at the price ruling on receipt of my cheque.

I would like further information, including details of Share Exchange

A cheque is enclosed in remittance, made payable to Midland Bank Limited.

Schlesingers. American Growth Fund



## YOUR SAVINGS AND INVESTMENTS 2

## An end to matrimonial means

ALTHOUGH the emotional problems inherent in a divorce remain the same the technicalities at least have become less complicated in recent years. The idea of matrimonial offence, and the existence of a guilty party have all but disappeared, and to obtain a divorce it is now only necessary to show that a marriage has irretrievably broken down.

The most common way of showing this is where a couple have lived separately for at least two years and both agree to a divorce. Of course if the separation amounts to a desertion, then the deserted party can petition for divorce after two years, whether the other party agrees or not.

After five years' separation a divorce is usually granted despite the objections of the other party. To prevent it will have to be shown either that a divorce would cause grave financial hardship, or that, having regard to all the circumstances of the marriage, it would be wrong for it to be dissolved. Hardship here relates not just to circumstances as they are at present, but also to the loss of future benefits such as pension rights.

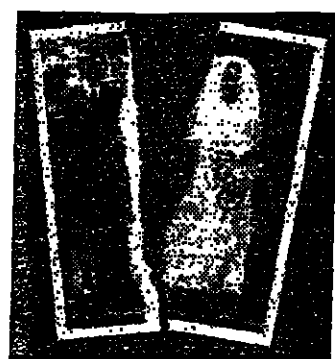
Adultery as such is no longer a ground for divorce, but if the aggrieved partner claims that he finds it intolerable to live with his spouse after such an event this in itself can give rise to a petition on the grounds that the marriage has irretrievably broken down.

The final ground, covering a multitude of sins, is that the spouse has behaved in such a way that the petitioner cannot reasonably be expected to continue living with him (or her). This, of course, depends on all the circumstances in each case.

Normally a marriage has to have been in existence for three years before a divorce can be granted, but where there has been exceptional depravity or hardship would be inflicted on the petitioner if he (or she) was made to wait, the court can be asked to reduce the limit. Judicial separation can, of course, be obtained at any time during the marriage. This will be done through a magistrates' court, which is empowered to make orders regarding maintenance and custody of the children whether or not divorce proceedings have been started. However, such an order for maintenance would be terminated on proof of adultery by the wife.

Application for interim maintenance is usually made at the same time as the petition. Such interim maintenance will often be converted into a permanent order after the divorce. However, where there is a dispute the matter will be decided in informal proceedings before the registrar, unless it is particularly complicated, in which case it will be heard before a High Court judge in chambers (with resulting heavy costs).

A spouse can state that she (or he) wishes to take part in the proceedings and discussions



about finances, children and so on, whether or not she wishes to defend the divorce. It is important to remember here that although a divorce will be less unpleasant and also quicker and cheaper where the behaviour of the parties is not disputed, the issue may be of importance after the divorce when financial arrangements are being made; previous allegations which were not denied cannot be refuted at this stage. However, it is only rarely that such behaviour will make an appreciable difference to the settlement, as the registrar will normally be more concerned with the needs of the parties rather than their marital conduct. His aim will be to put the two people concerned, and their children, in roughly the same financial position as they were before the divorce. Usually there is insufficient money to go round as it is difficult to maintain two households in the style to which one was accustomed. As a general rule, property acquired jointly is split equally, and the wife will be entitled to one-third of their joint incomes

### DIVORCE

HELEN WHITFORD

less her own income. But in deciding each particular case regard is had to the income and earning capacities of both parties, together with their present and future resources. Also such things as the length of the marriage and contributions made by each party, including looking after the home and family will be considered. Lump sums can be awarded instead, or in addition to, periodical maintenance payments, which, it should be remembered, will automatically stop on a remarriage. Children will almost invariably be maintained, whether or not the wife is entitled to receive anything. It is usually advisable to ask for a nominal maintenance order for the wife or the children, even if there is no reason to receive more, as it then will be possible to ask the court to vary that order for such assistance.

later if the circumstances of either party change.

Transfers of property between spouses should, as far as possible, be made before the decree absolute as up until this time they will be totally exempt from capital transfer tax. Later they will only receive such favourable treatment if they can be brought within another exemption, or if they qualify as dispositions for the maintenance of the family. As far as income-tax is concerned, the spouses will after the divorce be treated as single people. Voluntary payments out of income have no tax consequences. They are neither deductible by the husband nor declared by the wife. So they are not advisable, unless the husband lives abroad. Small maintenance payments under a court order (that is, those for less than £53 per month), are paid in full, and the wife is liable for the tax. Larger sums should be paid net of tax at the basic rate, and the wife can then reclaim the tax paid, if her income is sufficiently low or otherwise add the grossed up amount to her own tax. The husband can then deduct the gross amount from his income, and so get tax relief at the higher rates.

It is often wise to give consideration to whom the maintenance payments are to be made. Thus to give enough directly to a child, so as to take advantage of his personal allowances, rather than to the already taxed parent for his maintenance, can result in a tax saving. Also by increasing the wife's maintenance where she owns at least part of the house, so that she is then responsible for that proportion of the mortgage, it is possible to release part of the tax-free £25,000 mortgage allowance for the husband to use on other property. In the same way, if the husband agrees to pay certain bills it is important that he should agree to give the wife the money to cover the payments, rather than pay them directly himself, as otherwise such payments would not be deductible.

If no children are involved and the case is undefended, divorce can be simple and cheap. The parties can often handle the paperwork themselves, and even an appearance at court will be unnecessary—divorce can be obtained by post. In other cases, however, especially where there are disputes over children or property, the costs can run into hundreds or even thousands of pounds. One ray of hope here for the impoverished spouse is that, for the purposes of cheap legal advice and for legal aid, the husband's and wife's finances will, where there are disputes between them, be assessed separately so that the fortunes of one will not prejudice the eligibility of the other for such assistance.



Mike Wilson

IT IS A TRUTH very widely acknowledged, that anyone who sincerely wants to become rich will have to start up in business on his (or her) own account; and it is equally true that anyone starting his (or her) own business from scratch will almost certainly be working in a service industry. Why? Because to get ahead in a service industry you don't need all that much money to start off with: hard work, some fair, more luck and a friendly bank manager provide an adequate initial capital base. This is why so many self-made men are in industries like catering (look at Sir Charles Forte), transport services (Freddie Laker) or insurance broking (Mark Weinberg).

Times change, however. Doubtless it's still possible to make a million or two in fast food or television; but service industries are becoming more sophisticated. Witness the story of Mike Wilson, who started up in business on his own with a capital of £74, and now operates out of the reconditioned splendour of offices in Regents Park (above), and is worth maybe £500,000.

THE VOLUME of transactions handled by the London traded options market continues to grow as more brokers and their clients dip their speculative toes into the latest addition to the equities market. This initial volume growth was a feature of the 28-month-old Sydney traded options market, though neither it nor other imitators have matched the fantastic growth recorded by the "big daddy" of them all, the Chicago Board Options Exchange.

The Sydney market is now defying predictions that it will be forced to close. But it is still an ailing market, despite the measures taken to keep interest alive among the market makers (registered traders as they are called down under), the stockbrokers and the clients. Because of its hesitant past and its uncertain future it makes an interesting case study for users of the London options market.

A loose collection of small and medium sized Sydney brokers were largely responsible for planning and pushing the establishment of the first options board beyond the shores of the American continent. Most were either involved in or had some contact with the nascent commodity futures market that was struggling to find its feet in Sydney. Being small, and relatively new firms, they had little institutional contact and their business came essentially from individuals. As the move to establish an options board



Mike Wilson was one of the bright young men whom Ford took on in the heyday of the graduate trainee in the late 1950s. He ended up—or maybe one should say he started out—as Ford's youngest British manager ever (23)—in charge of marketing in the commercial vehicle division.

He then, to Ford's dismay, left to become an academic—a lecturer at the Institute of Marketing; and two years later, with a wife, a four-week-old baby, and a two-room rented flat in Swiss Cottage to support, and business worth £334 a month to rely on, he started out in business on his own.

He offered—by way, inter alia, of letters to some of the people he had taught at the

## Growing rich in service



John Lidstone

gated all the administration, on the argument that they will be much more usefully employed in working on the business rather than its administration. "People come into consultancy because they like it," Mike Wilson says: "they like the contact with people, and they do not like pushing people around."

Success of course creates its own problems. The takeover approaches are not now as frequent as they once were, since MIL is one of the biggest in its own line of business, and if there is any taking over to be done, the company is likely to be doing it. In any case, since the company has always pursued a policy of paying no dividends, the owners—Mike Wilson, his wife and John Lidstone—would be left with a grotesque tax liability if anyone were to buy them out. So it looks as though they will be staying with the business they have developed so far. They reckon that there are still plenty of challenges to tackle—most notably the challenges overseas. Until the circumstances that is just as well

## A lesson for London



### OPTIONS

TERRY OGG

grew, the bigger Sydney firms started to take an interest and bring their institutional clients along with them.

The design of the market closely follows the United States example and a member of the American Stock Exchange, Mr. Bob Reid, was employed as a consultant to advise partly on systems but predominantly on marketing the traded options scheme to brokers, their clients and to an ignorant but sceptical press. The system incorporates floor brokers, registered traders and a central clearing function.

One peculiarly Australian factor that must be taken into account is that the market began in the wake of the political (and to some extent economic) trauma surrounding the sacking of the Whitlam Government and the landslide victory of the conservative coalition led by Malcolm Fraser. The market in underlying shares was still adjusting to the change and there was a growing content of euphoria in share prices.

When this expectation was not realised there was some disenchantment with equities and also with the new options market. So the pattern tended to follow the underlying share market—initial growth followed by a plateau and then a decline.

The Sydney Stock Exchange's annual accounts for 1976-77 show that the value of contracts traded reached a peak of \$A7.6m in August 1976 and hit a low of only \$A673,000 in April 1977. Each Australian options contract is for 1,000 shares in the underlying stock and the figure reflects the value of the striking price plus the premium paid for the option. The average monthly value of options traded during 1976-77 was \$A2.9m. In volume terms the monthly high was 21,500 contracts, the low was 6,000 and the average was 12,600. The current daily average is around 250 contracts, with exceptional peaks of 2,000 contracts.

When the market commenced there were six registered traders

(market makers) operating and they had the responsibility of making markets in each of the series. Almost from the outset, however, they found difficulty in making returns commensurate with the risk, and the number began to dwindle. Part of the problem was the high cost of dealing.

Another problem was that some stocks tended to be more volatile than others and some registered traders made a reasonable living while others starved. The number of registered traders has, as a result, fallen to two. There are hints that a third might begin operations but he has yet to appear.

In July 1977 Woodside options were the most keenly sought after, with Western Mining and BHP options also traded. There was little of no interest in the remaining two stocks, Boulderville and CSR.

As interest waned in the last half of 1977 the Sydney Exchange initiated moves to revitalise activity including reducing overheads for registered traders. A further step was taken when two new stocks, Bank of New South Wales and Woolworths, were added to the list. There was some speculation about the introduction of traded put options, which would have enabled options traders to take advantage of the bearish tendencies in the market, but nothing materialised.

In November and December last year there was growing concern amongst the business and investment community that Gough Whitlam might lead the labour opposition to victory in the general election of 1977. As a result several interesting option deals were done, which were designed to enable investors to hedge their bets off a post-election market. But these were really exceptions to a rather dull period for options.

With the coalition back in power and signs that inflation and interest rates were coming down, there was some renewed interest in equities. In particular, the market leader, BHP, started to move upwards. This interest in the underlying stock carried over into the options market, and BHP options became actively traded. But the interest seemed to be more in acquiring BHP shares than making gains from options trading, as most BHP options were exercised at the end of March.

The pattern in Australia is that the large institutions are the writers of options and the buyers tend to be individuals. Options generally are held almost to the end, then sold out or exercised.

In summary the Sydney market suffers most from being relatively small and isolated. The education programme which accompanied the launch of the new market failed to cover the necessary audience and, apart from occasional visits by United States "experts," was not a continuing programme.

## Anglo American Investment Trust Limited

(Incorporated in the Republic of South Africa)

The review by the Chairman, Mr. H. F. Oppenheimer

I refer members to my statement to the shareholders of De Beers Consolidated Mines Limited, which is included with this report and in which I review the diamond industry and the progress of the De Beers group during 1977. My comments here are therefore confined to the results of your company.

As a result of higher dividend payments by De Beers and by the diamond trading companies, in which Anamint has substantial interests, the company's profit after tax for the year to March 31 1978 rose from R44.123 million to R64.634 million, representing an increase of 46 per cent. Included in this profit is the receipt of both the interim and the final De Beers dividends for 1977 totalling 32.5 cents a share representing an increase of 50 per cent over the De Beers dividends of the previous year. After deducting the preference dividend, Anamint's equity earnings for the year amounted to R64.334 million or 643 cents a share, representing an improvement of 205

cents a share over the same period last year. The company's total dividend distribution for the year increased by 190 cents to 600 cents a share.

During the year Anamint purchased a further 42,345 shares in The Diamond Purchasing and Trading Company (Proprietary) Limited, thereby increasing its holding in that company from 16.73 per cent to 18.47 per cent. The acquisition of these shares enlarges the company's interest in the marketing of gem and near-gem diamonds. Taking into account the market value of the company's listed investments and the directors' valuation of the unlisted investments, the net worth per Anamint share at March 31 1978 was 6126 cents compared with 4468 cents at March 31 1977. This increase is mainly due to the improvement in the price of De Beers shares on The Johannesburg Stock Exchange from 415 cents a share at March 31 1977 to 543 cents a share at March 31 1978.

### Features of the financial statements

	March 31 1978	March 31 1977	March 31 1976
Equity capital and reserves	R000's 58 228	R000's 53 894	R000's 51 071
Listed investments			
Book value	46 411	46 411	46 394
Market value	520 123	398 345	308 808
Unlisted investments			
Book value	11 656	6 960	8 980
Directors' valuation	92 343	47 943	50 425
Equity earnings	643 cents	438 cents	496 cents*
Dividends on ordinary shares	600 cents	410 cents	300 cents
per share	600 cents	410 cents	305 cents
Number of ordinary shares in issue	10 000 000	10 000 000	10 000 000

\* Equity earnings relate to a financial period of fifteen months.

The 42nd annual general meeting of Anglo American Investment Trust Limited will be held on 6th June, 1978. Copies of the Chairman's review together with the annual report and accounts, and the De Beers chairman's statement are obtainable from the London office of the company at 40 Holborn Viaduct, EC1P 1AJ.

## Teaching trustees

ONE VITAL duty of pension scheme trustees is to invest the contributions and other money received, to ensure that the benefits laid down under trust can be met. But few, if any, trustees are equipped to do this themselves, and they have to delegate the task to the professionals. One way of doing this is to invest in the units of exempt pension funds managed by life companies or other financial institutions.

The life companies often offer trustees a choice. Either the trustees delegate all investment decisions to the company, or the life company manages the various funds—equity, property, fixed-interest or cash—and the trustees decide, with or without

consultation with the company, on the mix of units.

This week, a pensions seminar was held by Provident Mutual Managed Pensions Fund, at which the company reported on its 1977 results and indicated its investment policy for the future. Although this company is small, with only £5m. under management, it felt that clients were entitled to get a complete picture of what is being done.

The presentation was impressive. To start with, the investment experts used straightforward language, so that the intelligent layman could understand their reports. There was a liberal use of graphs to emphasise performance, but no mass of detail. The company compared its performance not only with other funds, but against the Retail Price Index, even though this took some of the apparent gloss off its performance. And it was quite prepared to admit its mistakes.

made under the scheme. As for those who hold policies under the homeowners scheme, negotiations are in progress for an insurance company to take over their contracts, on the original terms, so that they will incur no loss in future.

The Board's original plan for rescuing the company has fallen through, and now the liquidation of Capital Annuities will proceed. But thanks to the interim scheme investors will not suffer because of this. They will receive the 90 per cent of benefits guaranteed under the Policyholders' Protection Act, 1975. The change in plans will most likely mean higher administration costs, but those are spread over policyholders in all other companies as well.

Already one levy on premium income has been made, but the Board has no immediate plans for another.

## A payout for annuitants

THERE WAS good news this week for investors with Capital Annuities, the life company which has applied for liquidation. They are to receive higher payments, within a few days, under the interim payment scheme operated by the Policyholders' Protection Board.

The Board announced on Thursday that annuity or guaranteed income payments are being lifted to 90 per cent of the original level (from the present 70 per cent.) as from mid-May; and that as soon as possible thereafter, investors will receive a lump sum payment covering the 20 per cent shortfall on payments already

## General Investors and Trustees, Limited

Extracts from the Report and Accounts and the Statement of the Chairman, Mr. R. H. Wethered

The year in brief	1978	1977
Total consolidated revenue	£1,779,151	£1,474,015
Consolidated net revenue before taxation	£1,219,480	£947,555
Earnings on ordinary capital	4,74p	3,59p
Dividends on ordinary capital	4,00p	3,40p
Valuation of investments	£24,619,506	£21,097,503
Freehold property in Great Britain and Australia	£1,077,228	£864,497
Freehold land held for trading in Australia	£961,781	£1,157,140
Investments in Great Britain	63.69%	56.36%
Investments outside Great Britain	36.31%	43.64%
Net asset value per share	132p	117p

• **Gross Revenue:** Total consolidated revenue increased by 21%, our Australian subsidiary, Gold Estates, having had a particularly successful year in contributing £300,000 to our income.

• **Dividends:** The total of 4p for 1978 represents an increase of 17.6% over last year as compared with a rise of 9.9% in the retail price index during the same period.

• **Policy:** We have maintained our policy of increasing dividends whenever possible while retaining our overseas interests, having regard to future developments in Australia.

Copies of the Report and Accounts may be obtained from the Secretary.



The Foreign and Colonial Investment Trust Co. Ltd.  
General Investors and Trustees, Ltd.  
F. & C. Eurotrust Ltd.  
Centenary Fund S.A.

The Cardinal Investment Trust Ltd.  
Alliance Investment Co. Ltd.  
Foreign and National Investment Fund S.A.  
Anglo-Nippon Exempt Fund

1/2 Laurence Pointney Hill, London EC4R 0BA  
Telephone No. 01-623 4890

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## Holiday bargains are some of the best of shareholders' 'perks'. Adrienne Gleeson reviews them

### Ferry fare bargains

FIRST OF the names that springs to mind when shareholders' 'perks' are under discussion is, of course, European Ferries. "Of course" because the deal the company offers its shareholders is still very attractive indeed, even though the terms have been revised to deter those who abused the concession, and even though the share price has increased quite dramatically over the past couple of years.

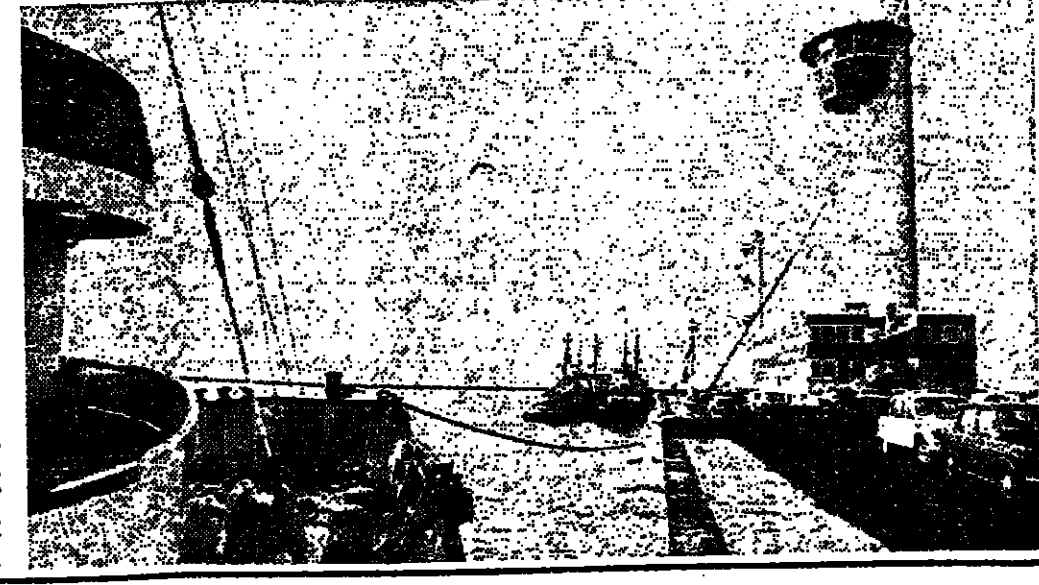
£350 at the present price), and two adults and two children in group which has in recent years you need to have held them for at least a year. If you come into that category of shareholders, Euroferries will give you a 50 per cent discount on your concession could—assuming that you are in a position to make full use of it—save you £350 a year. It's worth having.

You need 500 shares to quality, and at present prices they will cost you just over £500. Holding them will entitle you to a reduction of 7½ per cent on brochure prices, on holidays to a value of £500, for you and members of your accompanying party, in any one year. Note that it is a reduction on brochure prices: if you've spent less than £500 on the holiday itself, but airport taxes, holiday insurance, car rental or whatever bumps the total up, you can't expect your 7½ per cent reduction on the extras.

### Wider horizons

EUROPEAN FERRIES has, however no monopoly in its claim to the attention of shareholders as the holiday season approaches. Horizon Midlands, the Birmingham-based tour

emerged in good order from the Court Line collapse, also has a scheme under which shareholders are entitled to concessionary rates on its inclusive holidays.



Note, too, that you have to send off your application for a concessionary holiday as soon as you have made your reservations: and that if you are leaving everything to the last minute you risk forfeiting it, since "applications within four weeks of the departure date cannot be considered." Note that you don't get any priority under the scheme: it's a matter of first come, first served, for you, the shareholder, as for everyone else. And note, finally, that you must have held your shares for at least one year before the date of your departure—so it's no use rushing off to place an order in the hope of benefiting this year.

Is it worth it anyway? The maximum to which you will benefit in any one year is £37.50.

### Cleaning up on Sketchley

ASSUMING that you go in for the sort of clothes that need dry cleaning, and that you believe in having the job done professionally, then the perk which Sketchley offers its shareholders is one which you cannot afford to ignore. Go out and buy yourself 300 shares and you will shortly receive a discount card from the company: produce that, at any of Sketchley's 550-odd branches, and your cleaning bills will be cut by 25 per cent. Not just once or twice, either, but every time you take your cleaning in.

You won't, however, be able to use the card to obtain a discount on an offer that has already been discounted. Incidentally, those who held their cards before June, 1977—

when the number of qualifying shares was lifted from 50 to 300—don't need to buy themselves more shares to retain their right to the discount. Their card will be renewed at the end of the year, just like everyone else's.

### Furniture mark-downs

IF, IN CONTRAST, you tend to spend your money on consumer durables, maybe you should go and buy some Henderson Kenton shares instead. Invest in 100 of them (present price: some £74) and you will be entitled to a discount of 10 per cent on purchases in the company's 70-odd English and Scottish furniture stores. The discount is, incidentally, also available to unitholders in trusts which hold a minimum of 20,000 of the company's shares.

### Greenhouse reduced

PENTOS HAS just joined the ranks of those offering discounts on their products to shareholders. If you have a minimum of 300 shares you can claim a 30 per cent discount on Barker Ellis silver plated tableware; a 35 per cent discount on Europa Greenhouses; and a 10 per cent discount on purchases made in Dillons University Bookshops or Hudsons Bookshops. An investment in the number of shares to qualify will, however, cost you some £240, and the discount card for use in the company's bookshops is the only one you are likely to use at all regularly. After all, few people buy a greenhouse more than once in a while.



### Discounts on drink

IF YOU HAPPEN to be a shareholder of Grand Metropolitan and you want to take advantage of the perks which they offer to shareholders, you are going to have to be speedy about it. You are, in fact, too late already for the wine offer from its subsidiary Justerini and Brooks (12 bottles, including a complimentary bottle of J and B Rare Scotch, for £23.50), but you've a couple of weeks to take advantage of the £1.50 discount available to those who take a meal for two in a Berni Inn or Schooner Inn (left), the company can obtain discounts of up to 30 per cent on the cost of a stay there organ- ized by British Airways offered on Baileys Original Irish Sovereign Holidays—and the Cream is valid until the end of the month. Mind you, if the comments of disgruntled share-

holders at the annual general meeting were anything to go by, you might find the latter somewhat hard to come by: it isn't all that widely stocked.

### A stay in Gibraltar

RATHER MORE attractive, all things considered, is the deal which Crown House offers its shareholders. Crown House (itself is something of a mini-conglomerate, but among its interests ranks a stake in a company with a hotel in Gibraltar. Those with shares in the company can obtain discounts of up to 30 per cent on the cost of a stay there organ- ized by British Airways offered on Baileys Original Irish Sovereign Holidays—and the Cream is valid until the end of the month. Mind you, if the comments of disgruntled share-

### A creepy cheapie

AND FINALLY, while the corporate sector may not take care of you from birth—so far as I know, no one is offering a discount on maternity expenses, though maybe Mothercare should take note—it certainly will look after you till death. Should you happen to have held at least 500 ordinary shares in Dundonian (present value: £250) for at least a twelvemonth before you pop off, you may do so in the secure knowledge that the company will defray the costs of your funeral or cremation. Providing, that is, that you don't do things in too ostentatious a style: the company (the former Dundee Crematorium) puts a limit of £250 on the expenses which it will cover for its shareholders.

### DEPOSITS

TIM DIXON

MOST PEOPLE think of hire purchase companies only when they go out to buy a car, a cooker or some other form of consumer durable.

But the finance houses can provide a useful and attractive vehicle for investment.

Finance company deposits can hardly be described, however, as one of the most popular or best known means of obtaining income on savings. This is mainly because the finance companies almost invariably find the bulk of their funds elsewhere, often from one of the major clearing banks. For instance, only United Dominions Trust, of the giant instalment credit companies, is still independent. Elsewhere, Forward Trust and Lombard North Central, the latter now the largest in the field, are owned respectively by Midland and National Westminster, while Lloyds and Royal Bank of Scotland both have a 39.34 per cent stake in Lloyds and Scottish.

Although deposits may not

be of great significance to the finance companies themselves, the rates they offer (see table) should be noted by anyone looking for a safe return on their investment. For comparison, a National Savings Bank investment account currently offers 8½ per cent gross, most building societies offer about 5½ per cent, tax paid.

Some of the smaller finance companies offer still higher returns but you may want to stick to one of the bigger houses which has backing from one of the clearing banks.

If you do want to put your money on deposit with an hp company, interest is normally paid half-yearly (or on maturity if the term is less than six months), or it can be ploughed back into your account like a normal bank deposit. In addition to the terms shown UDT (where Prudential and Eagle Star have a 26 per cent, and 10 per cent stake respectively) offers a highly competitive average rate scheme. This is for deposits (in multiples of £1,000) between £1,000 and £100,000 and the notice of withdrawal is only seven days. The rate of return is always at least 1½ per cent, above local authority dealing rates. It is now 8 per cent.

### FINANCE COMPANY RATES TO DEPOSITORS

—Rates % over—

Company	Minimum investment	Maximum investment	one month	three months	one year	three years
Lombard North Central	1,000	—	6½-7½	7½-8½	8-9½	9-9½
Forward Trust	None	25,000	7½	7½	8½	9½
Lloyds and Scottish	10,000	50,000	7½	8½	9	9½
UDT	500	15,000	6½	7	8½	9½

\* Thursday's rates.

### Sums for charity

CASH AND CHARITY go together. Like love and marriage, in the words of the old song, you can't have one without the other. It's rare, all the same, to find anyone working for a charity who is really at home in his (or her) dealings with money. And with that in mind, the Institute of Chartered Accountants in England and Wales has come up with a small series of booklets designed to alleviate the ignorance which all too often turns financial management into an unwelcome chore rather than an appropriate means to a higher end.

The series—Charities and Voluntary Organisations: Guidance Notes on Planning and Control—contains four booklets on the subject of budgeting: the role of the budget, how to draw it up, how to use it, and internal controls. The whole series is designed for those with very little previous experience of budgeting, and it does start from basics: annual income and expenditure; how the budget should be compiled; the sort of questions that it ought to provoke ("Does the income cover the expenditure? Is it realistic?

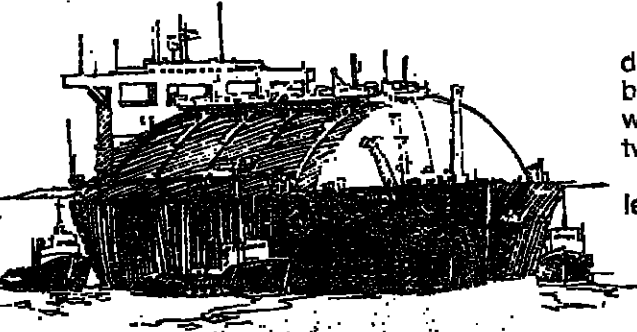
Does it represent the optimum use of resources?"): the way in which it can be used to check the financial position. The series' author, accountant Michael Sams, proceeds to some general thoughts on the corrective action to be taken once it becomes obvious, from the checks, that such action is required. By degrees which appear to be modulated to the seriousness of the situation, he suggests the curtailment of some work, resort to fund raising, prayer, "amendment of administrative arrangements" (giving some workers the sack) and—a measure to be resisted to the last—revision of the budget! For all that the accountant here betrays himself, this is a clear and useful series of booklets, and available at a price which the most impecunious of charities should be able to afford: none of the booklets costs more than 60p, and the set is available for £2.

\* Available from the Publications Department, The Institute of Chartered Accountants in England and Wales, P.O. Box 433, Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ.

# How we went from strength to strength in 1977

### Extracts from Ultramar's Annual Report

Ultramar Company Limited is a British oil company which owns exploration, production, refining, shipping and marketing subsidiary companies in various parts of the world.



- The gas from a large field (Badak Field) discovered in East Kalimantan, Indonesia, in 1971 has been dedicated to the Liquefied Natural Gas Plant which exports LNG to five Japanese buyers under a twenty year sales contract.
- We only started sales in August 1977 and at a level greatly below that anticipated for 1978.

Badak LNG Plant. Page 11 and Chairman's Statement, Page 3

- Total throughput for the Ultramar Group's three refineries in 1977 averaged 111,418 barrels of crude oil per day, which is a considerable increase over crude runs in the past three years.

Refining Operations, Page 14

- We have spread ourselves widely across the spectrum of an international integrated oil company. We have our oil and gas exploration and production, our shipping and road transport, our refineries and our marketing systems with numerous terminals and gasoline stations. In addition we have made a start on our diversification ventures.

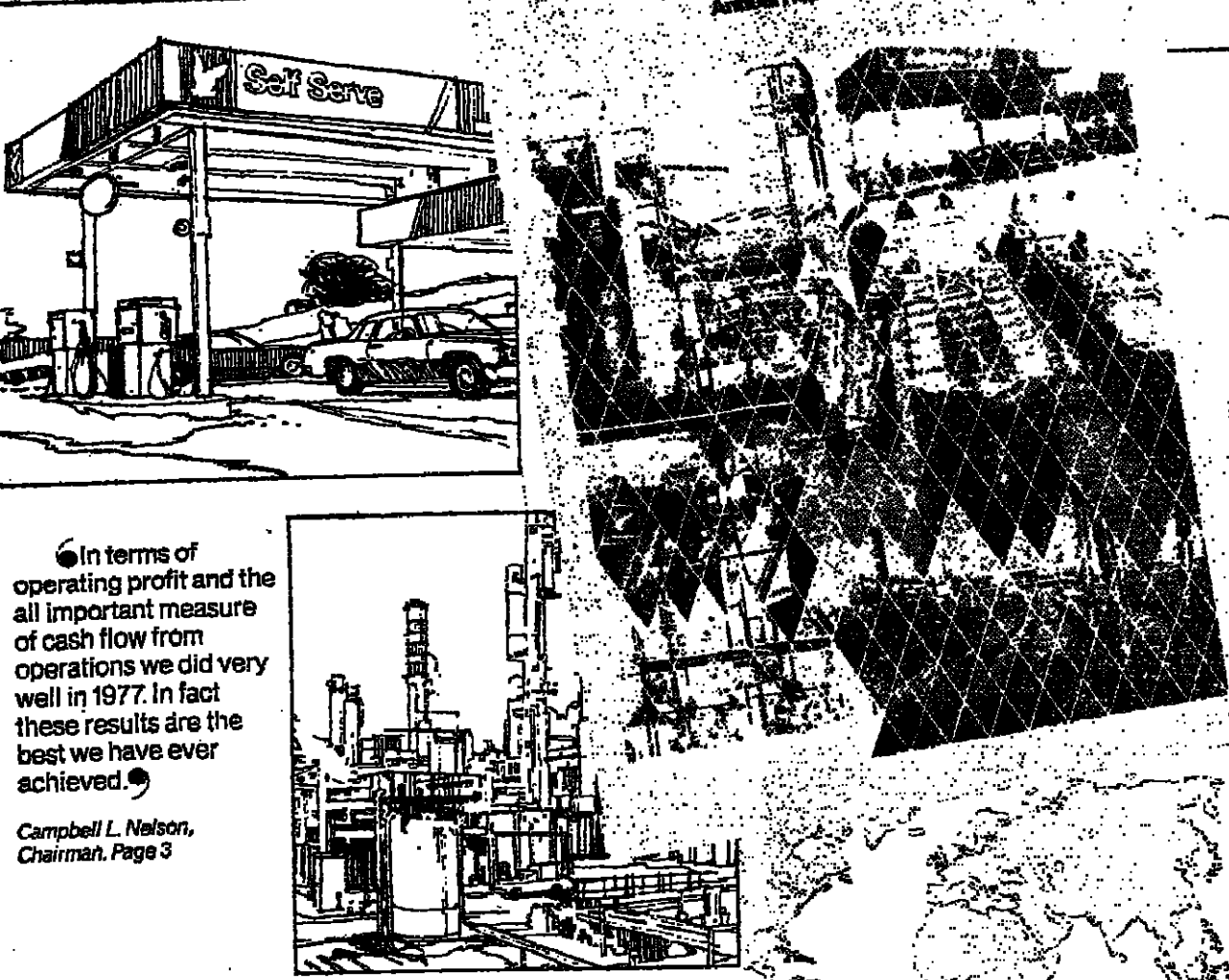
Chairman's Statement, Page 3

- Taking everything into consideration, we expect the Ultramar Group to show a considerably better cash flow and operating profit for 1978 than for 1977.

Outlook, Page 19

The Annual General Meeting will be held at Winchester House, 100 Old Broad Street, London EC2 on Wednesday 24th May at 11.30 a.m.

If you would like to receive a copy of the 1977 Annual Report, please complete the coupon.



• In terms of operating profit and the all important measure of cash flow from operations we did very well in 1977. In fact these results are the best we have ever achieved.

Campbell L. Nelson, Chairman, Page 3

Summarised Financial Results	1977	1976	1975	1974	1973
	£000	£000	£000	£000	£000
Sales	472,652	571,875	275,344	251,454	171,728
Cash flow from operations	26,556	17,550	22,806	22,095	14,905
Operating profit before taxation	24,709	12,323	19,741	16,167	8,949
Operating profit after taxation	12,598	7,353	13,587	12,503	7,964
Earnings per Ordinary Share (before foreign exchange fluctuations)	29.6p	17.1p	35.1p	32.3p	20.6p



To: The Secretaries, Ultramar Company Limited, 2 Broad Street Place, London EC2M 7EP. Please send me a copy of the 1977 Annual Report.

Name \_\_\_\_\_ Address \_\_\_\_\_ F13

Ultramar Company Limited



## FASHION



# SILK

## in the raw

SILK has for years seemed one of the all-time luxury fabrics, yet suddenly, almost unaccountably, there seems to be a whole collection of very desirable clothes made from 100 per cent pure silk at prices that are far from high. Once upon a time

STIRLING COOPER have a whole range of 100 per cent pure silk noli skirts and jackets from which you can choose the styles and shapes that suit you best. There are for instance three different shapes of jacket—we show the long double-breasted one but for those who prefer it there is also one of the new very fashionable short jackets or you could choose a more conventional single-breasted one. To team with the jacket there are also three different skirts—the one we show is softly-pleated all round but there is a straight skirt for those who are very slim, as well as a pleated version.

For those who like to be very up-to-date there is also a waistcoat.

The jacket in our picture is £34.99, the skirt is £21.99 and the waistcoat £11.99. The silk noli comes only in cream but we teamed it for our picture with a soft coffee blouse, which is £17.99.

The complete Stirling Cooper collection can be seen and bought at Ronnie Stirling, 94 New Bond Street, London, W.1, and 23 Beuchamp Place, London, S.W.3 as well as from Stirling Cooper at Kendal Mill, Manchester, Rackhams of Birmingham and Dickins and Jones of Richmond, Surrey.

The cream court shoes, trimmed with brown and beige are £61, from all branches of Rayne.

silk was just for the rich; to-day designers and manufacturers from the middle-level and upwards are using it to great effect.

There is, of course, silk and silk. Silk noli, used by Mary Quant and Stirling Cooper for the clothes photographed here, is a type of woven silk with little dark flecks in it. The dark flecks are parts of the chrysalis that get caught up in the silk and this certainly gives the fabric a lot of character.

Silk douppion, which the Quorum jacket is made from, seems a much thicker fabric and is formed when cocoons combine together, rather like twins, and produce a diagonal yarn—the slub has great appeal.

Though silk is usually thought of as being rather hard to care for, I have found that provided one washes it often (or in the case of a jacket takes care to use only soft soapflakes and irons it when damp, then it is in fact one of the easiest fabrics to keep looking good. Once well-pressed, it doesn't crease, it is lovely to feel and have next to the skin and above all, conveys an incomparable look and sense of luxury.

Anybody who is worried about caring for silk can send for a free booklet on the care of silk produced by The European Commission for the Promotion of Silk, 51, Green Street, London W1Y 4ET.

In the meantime, if you really want to up-date your wardrobe, one of the latest jackets in a nice slub-like silk will do wonders for anybody—these jackets can be worn over full



Above left, silk noli by Mary Quant; above right silk douppion by Quorum.

skirts, over trousers, or over dresses and provide just the right kind of cover for the average breezy British spring day.

The shops are currently full of jackets of all sorts—the smartest and most avant-garde are the wide-shoulder mannish ones but those of us who aren't as long and thin as we'd like to be should look out for those that are more flatteringly cut.

If silk is what you feel like this spring here are three of the nicest outfits around.

LUCIA VAN DER POST

Harvey Nichols of Knightsbridge, London SW1 always has a good collection of witty, up-to-the-minute and not terribly expensive jewellery. We have used a selection of their summer jewellery in all these photographs.

All the photographs were taken in the new Harry's Bar which was recently opened at the Park Lane Hotel. Harry Harris himself (photographed with the model, above right) has been with the hotel for 47 years and with the revival of interest in cocktails and the cocktail hour the hotel decided to ask John Siddeley to mastermind the relaunching of Harry's Bar. Photographs by Trevor Humphries.

MARY QUANT has used 100 per cent silk noli in some of her designs for London Pride.

One of the nicest ways she uses silk is in this natural coloured shirt and matching skirt. The shirt has a grand collar with a tab front and is made in sizes 10-16. For some not immediately apparent reason it rejoices in the name of "Lola" while its matching skirt is known as "La Passionata".

The skirt also comes in sizes 10 to 16 and has a tucked waist which makes it marvellously comfortable to wear as it is on a slightly expandable waistband. Both the waist and the hem are trimmed with lace to give it a very up-to-date air. Though the two pieces are obviously designed as an outfit they can also be bought and worn separately. The shirt is £18, the skirt £22 and both will be available from the first week in June from Harrods of Knightsbridge and Dickins and Jones, of Regent Street, London W.1.

The sand-coloured patent leather sandals are by Rayne, and cost £37.50 at all branches of Rayne.

ONE OF THE very strong looks this spring and summer is the jacket and one of the most up-to-date of these is this one in silk douppion by Betty Jackson for Quorum.

It has the kind of easy looks that mean you can team it with over trousers, with skirts, over dresses. The jacket is £38 and can be found at Roly of 23, Kensington Church Street, London, W.2. Whistles, of 81, George Street, London, W.1, and 111, Walton Street, London, S.W.2, as well as from Irving Sellars branches at 315, Oxford Street, 124, Kings Road, Chelsea, and in Birmingham.

The beige 100 per cent cotton shirt and skirt worn with the jacket are by Emmanuelle. The skirt and the blouse cost about £13.00 each and can be found in early June at Bentalls of Kingston or in main branches of Dorothy Perkins. Waistcoats are, of course, very much part of the current look and we particularly liked this hand-knitted 100 per cent cotton version by Suzanne Isaacs for Rocco. It is £34 from Parkers, 31, Brook Street, London, W.1, and 174, North Street, London, N.W.3, and Whistles of 81, George Street, W.1.

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BOEING Getting people together

## Plants for dry places

AFTER six months of what seems like almost continuous rain or snow, when for weeks one has been praying for just two successive days of sunshine and east wind to dry the surface so as to make it possible to sow a few seeds outdoors, it may seem perverse to write about dry gardens. Nevertheless I am constrained to do so for three reasons: first that memory of 1976 is still fresh in my mind with its terrible toll of plants in so many gardens, including my own; second, that despite the reputation of the British Isles for rain and mist, some parts, including East Anglia, do suffer regularly from drought; but most of all because I have just received a splendid book by Beth Chatto entitled "The Dry Garden."

Mrs. Chatto is well known for her nursery, Unusual Plants, in which she grows many plants that have either become scarce through neglect or, though worthy, have never attracted the attention of British gardeners. Her exhibits of hardy plants at Chelsea and other flower shows are always a delight to the eyes as well as an education to the mind and those garden lovers who have visited her nursery near Colchester will know that, in her own garden, she uses plants just as skilfully as she does when exhibiting them.

What I had not previously realised was that Mrs. Chatto writes as well as she gardens and shows "The Dry Garden," published by J. M. Dent and Son, price £6.50, is, I believe, her first book but I hope it will be followed by many more just as readable and informative. There are too few horticultural writers to-day who have something entirely original to offer and who can say it with clarity and style.

What astounds me most about Mrs. Chatto's account of the plants she grows so well in Suffolk is how many of them are tender with me in Sussex. I suppose I should know better by now: should realise at once that "hardiness" has as much to do with moisture (particularly ripening of growth as it has with the temperature, but the combinations of soil and climate are so numerous and so baffling that it seems impossible to tell what will, or will not, grow in any particular place without trying.

That is precisely what Mrs. Chatto has been doing for the past 30 years, not always at Elmstead Market, where she survives on my warmest, sunnow lines, but always in East Anglia and more of the time, I think, near Colchester, where garden so there is obviously

something about East Anglia that it enjoys.

*Sophora tetraptera*, a New Zealand small tree, is another that has shunned me so far but Mrs. Chatto grows it with *Buddleia crup*. The combination of the ferny leaves and danglings, buttercup yellow flowers of the *sophora* with the white felted foliage and lilac flowers of the *buddleia* must be delightful. Much of Mrs. Chatto's book is concerned with such felicitous plant associations and her ideas are illustrated with very clear and stylish plans by Margaret Davies.

One chapter is concerned with moisture conservation and soil improvement and this, I fancy, is the nub of the whole matter. Mrs. Chatto avoids watering as much as possible, believing that it only makes plants soft and more sensitive to drought when it does occur. But she does take considerable care to improve the soil texture and moisture retention with compost, or other humus forming materials, and she is an ardent believer in pulverised bark as a much to reduce surface evaporation and suppress weeds. It is a material that is still little known by home gardeners though many public parks are using it in large quantities. It lasts longer than peat and, in some places, costs considerably less but this is really a question of local availability.

Mrs. Chatto spreads it two inches thick as soon as she has finished planting, provided the soil is moist and she takes considerable pains to maintain this surface blanket, adding to it from time to time as decay and disturbance cause it to become thin. Neither bark nor peat suit everything. Many mountain plants find it too damp around their necks and prefer a looser, drier mulch of dry gravel or pea grit about one inch deep.

## GARDENING

ARTHUR HELLIER

the hellebores except, perhaps *Helleborus corsicus*, which grows well for me on top of a sunny and sandy slope which certainly gets very hot and dry in summer. But all the others, including the lovely Lenten roses which have the largest range of colours and are the easiest to grow, always seem to do best with me in semi-shade and soil that is cool, slightly moist and rich in humus.

Much more obvious are the rock roses or *cistus*, purpose built for hot and sunny places with their gummy or down-covered leaves. Unhappily in Sussex none seems reliably hardy (they have suffered a great deal this past winter) but in Suffolk Mrs. Chatto grows quite a number including *Cistus skanbergii* which I purchased only last week in Devon receiving at once the warning "This one is tender sir." I hope it will thrive for even in a notably prolific family it is outstandingly free flowering. Mrs. Chatto notes that the poorer the soil the more crowded it is with its small, rose pink, cupped flowers and the more likely to survive a cold winter.


She also succeeds with *Campylopus radicans* grown on a south facing wall. This self-clinging vine from the south eastern states of America, with impressive clusters of orange scarlet flowers that is precisely what Mrs. Chatto has been doing for the refused to perform for me past 30 years, not always at Elmstead Market, where she survives on my warmest, sunnow lines, but always in East Anglia and more of the time, I think, near Colchester, where garden so there is obviously

## HOME AND GARDEN

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then personal preferences  
into their own—some p

Cut is the last of the four Cs that affect the value of a diamond and here the skill of the cutter is paramount. There are several different traditional ways of cutting stones and each stone demands its own pattern. Providing it is done in such a way as to allow the true fire in the diamond to be reflected

of 0.5 points (100 points make one carat); the Hope Diamond is 44.5 carats. To give an example of how prices can vary—the average one carat diamond ring on the retail market would vary in price between £1,500 and £10,000. Ten years ago the price variation would have been between £250 and £1,800.

What will happen now is a little uncertain. In theory prices should fall a little now that the blocked chain of stored

For those who want to make sure that when they buy a ring

Anybody who wants some charming reminders of how London used to be, as well as a handy source of postcards might like to look out for this collection. Called simply "Thirty-two Picture Postcards of Old London," published by Constable and Co., it is available from most bookshops and souvenir shops.

If you think the Tigermoth catalogue might be useful to you send just a 7p stamp to Tigermoth, 166 Portobello Road, London, W.11. All clothes are posted off the same day as the order is received or if Tigermoth is out of stock and delivery is likely to take more than three weeks they will let you know.

correct parking spaces, look after security, take care of guests, and help at the bar. They are not, however, meant to do domestic work so don't expect them to cook, clean or wash up.

Each commissionaire turns up looking marvellous in the well-known uniform of the Corps and though the main headquarters is in London (3, Crane Court, Fleet Street, London EC4A 3EJ), there are other offices throughout the country (e.g. Birmingham, Bristol, Edinburgh, Glasgow, Leeds, Liverpool, Manchester and Newcastle-on-Tyne) all of which can provide help that you can trust.

longue to the latest, sophisticated cushioned collection from Italy. From the classic, comfortable sofas to the convertible Chesterfield. Prices of upholstery at Conran (or indeed anywhere else) are no longer low and indeed any kind of chair or sofa is a major investment so a good, long looking, thinking, measuring and deciding is just what the customer needs before taking such an important decision. It is not like to see just what the Conran shop does have to offer you can get a copy of the brochure by writing to the address given above. They will also help customers select suitable fabric coverings from their wide range.

The Cancer brochure cover

In a much more formal vein, the Conran Shop, 77, Fulham Road, London, S.W.3, which has long been one of my favourite

day or to-morrow to Captain Those who want quilts made to order to suit particular colour-schemes can quite safely order them from Mrs. Randles—provided they are not in a hurry. Such care does Mrs. Randles take over colour-matching and over the choosing of the right fabrics that it may take her up to three months just to find the material, and then she has to start on the stitching (for as far as needle and thread are concerned, Mrs. Randles is a champion). The exhibition is a success, and the makers from Glastonbury, Somerset, there will be holding the making of traditional beechwood Windsor chairs) and thatching, lace-making, and embroidery. There will be reach-ins and things to buy and a happy day should be had by all. Entrance free for adults; 93p, children 45p.

**Corinne Cockrell**











## ARTS

## She is Gonne

"I was 23 years old when the trouble of my life began," wrote W. B. Yeats of the impact upon him of Maude Gonne. She was the heroine of *The Countess Cathleen* (Radio 4, April 30), by Maurice Leitch, the last programme in the series *Key Figures*. On radio, Maude Gonne, who spoke the part of Yeats with the requisite proud resonance, said "trouble of my life" rather than "troubling." This is the kind of thing that absolutely no one minds about except a critic who by bother to mention it? It is a minute detail, but the original means something different and is more beautiful, that's all. So many necessary simplifications do have to be made when radio tackles these great figures and their relations with week and turns them into acceptable 45-minute packages of sound and voice that one resents the unnecessary ones.

On the whole this radio portrait was, I am glad to say, a most acceptable mixture of straight narration and animated documentary; every so often it seemed poised to take off into the realms of pure drama but then it came back to earth. To be sure in the passion of the poet for this woman patriot with her free spirit, her physical

## RADIO

ANTHONY CURTIS

levelness, her aristocratic background, and her Parisian upbringing, there was plenty of material for theatre of an old-fashioned kind, not least the death of her child and the shock wrought upon Yeats's consciousness when he heard that she had married. Sian Phillips spoke Maude Gonne's words and even through the blind medium of radio one sensed Maude's irresistible attractions as much as her maddening impetuosity. Michael Mac Liammoir and Sean O'Casey were also given their say about her in Alec Reid's efficient production.

Maude Gonne was a liberated woman if ever there was one and it was something of a revelation to me to find two more springing from an unfamiliar regional source, the Manchester school of realistic playwrights. Houghton's *Hindle Wakes* and Brighouse's *Hobson's Choice* were both revived on Radio 4 (April 29 and May 1) from productions of the 1960s as part of the extended tribute currently

being paid to the memory of Wilfred Pickles. In both these plays Pickles's role was that of the heavy father trying to discipline a headstrong daughter who shows hidden reserves of courage and practicality. Jolly good he was in both parts, taking his double-defeat from both young women on the chin: admiration for his prowess as a straight actor was, however, engulfed by one's sense of how well both plays work today. Weaker in particular seems to derive directly from them and even Plater may have learnt a trick or two. How nice as a bonus to hear Bernard Cribbins as that blossoming apprentice Willie Mossop, Barbara Young as Maggie his spouse, and Billie Whitelaw as the other young woman.

Nowadays the same women would not be battling with their parents over whom they should marry but with their ex-husbands in the courts over control of their children. This was the subject of Jennifer Phillips' play *Daughters of Men* (Radio 4, May 1), where the wife in this fraught situation was played by Judi Dench. The useful device of a social worker's report on the case, read out and punctuated by flashbacks to the explosive episodes which it describes in impersonal professional language, was used by the author to frame the piece. Provided the listener does not switch off in the first few minutes this is as good a way of framing a play as any other. Anyone who did switch off would have missed something well worth hearing. Miss Dench's performance of a thoroughly modern heroine, that is to say a woman whose life is a complete mess. She had been the main breadwinner while the marriage lasted, earning twice as much as her husband on the grounds of the advertising and book-illustrating world. But that did not do her any good nor did her relationship with her girlfriend and confidante which suddenly turned sour to precipitate the final collapse. In spite of the powerful under and lightning of Miss Dench's performance with the script it would have been a bit much had not Jennifer Phillips succeeded in elevating it with the comedy of a disastrous dinner party half-way through, not particularly relevant, but nonetheless welcome. After it was all over we heard a repeat of an interview between Miss Dench and the critic Robert Cushman in which a very different and much more likeable personality than the one she had been playing emerged.



Lois McDonald, Neil Howlett and Derek Blackwell

## The Two Foscari

The English National Opera has added Verdi's *Don Carlo* to its repertoire. The first performance, on Thursday night, was well received by a large house. The friendliness may have had about it a measure of goodwill towards the ENO and confidence in the future, for to tell the truth the production so far is more a potentially useful vehicle than a positive achievement. In the last century *Don Carlo* was a favourite with managers because the cast and the choral and orchestral forces involved are not large, and while nothing much in the way of spectacle is required, the scenes are laid in Venice and therefore likely to make an effect.

They must have had a ready supply of the right kind of singers. For this first cast, at the Coliseum, the ENO have not been quite so fortunate. Neil Howlett's suffering Duke Francesco Foscari, condemned by laws of state to uphold sentence of banishment for treachery on his own son Jacopo, whom he rightly believes to be innocent, was very fine. Somehow he contrived to reconcile a firm and even vocal line with the physical appearance of advanced and Titianesque old age — if the portrait was less than deeply moving it was not the singer's fault but the difficulty of feeling, active sympathy with endless afflictions so passively borne. Mr. Howlett made more of the revised English translation of Rex Lawson. No one else reached this level.

As the wretched son Jacopo, who dies as he is setting out on a prison ship for a second term of Cretan exile at the very moment that the real movement makes a deathbed confession, Derek Blackwell, though he showed a certain feeling for the role of Verdi's phrases, was vocally over-ripe. His indomitable wife Lucrezia (Marina in Byron's play) was convincingly but unevenly and sometimes roughly

Groves plunges into the Prelude with a more extroverted vigour than he usually shows in this pit. Elsewhere there is jolly rough and tumble where Gardelli on the records finds a cutting, swift elegance — there is much of interest in the music, with vestigial leading-motives and numbers like the fine soprano-baritone duet at the end of act one, where several short sections are cunningly knitted together. Verdi always as it were keeping one move ahead of the listener. In one important scene, the finale to the opera, with the deep bell tolling to announce the election of a new Doge and the death on stage of his deposed predecessor, Groves's broader treatment paid off handsomely.

John Blatchley's production is sound in conception but dull and cluttered in detail: touches like the spies noting down the Doge's conversations add little to the atmosphere. The sets by Stefano Lazaridis on the other hand successfully call up the secret, misty, sinister Venice of "midnight Venice" and "dark drawings." Across the water from the Doge's Palace there can dimly be seen a church closely resembling (in 1457) a Palladio's S. Giorgio. The waves are apparently lapping half way up the facade, clearly Venice was a city of water. Costumes for the principals, the Councilors and their officials are sombrely rich. For the Carnival revellers whose appearance adds a touch of relief to the gloom they are blood-red.

## OPERA

RONALD CRICHTON

John Blatchley's production is sound in conception but dull and cluttered in detail: touches like the spies noting down the Doge's conversations add little to the atmosphere. The sets by Stefano Lazaridis on the other hand successfully call up the secret, misty, sinister Venice of "midnight Venice" and "dark drawings." Across the water from the Doge's Palace there can dimly be seen a church closely resembling (in 1457) a Palladio's S. Giorgio. The waves are apparently lapping half way up the facade, clearly Venice was a city of water. Costumes for the principals, the Councilors and their officials are sombrely rich. For the Carnival revellers whose appearance adds a touch of relief to the gloom they are blood-red.

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## Street Fighting Man

The latest new play at the Traverse in Edinburgh is by John Bett, an actor formerly of 78 (Scotland Yard). He is also a writer of a brilliant trio in John Byrne's *Writer's Cramp*. *Street Fighting Man* is an entertaining squib in which a ridiculous, effete young theatre director, dressed in a military jump-suit and silk scarf, conducts a technical rehearsal of an atrociously earnest play set in the derelict basement of an old hotel. This "kitchen" of the former damned, a stunningly designed by Grant Hicks, has a dumb waiter, an alarmingly battered pile of ovens and peeling walls.

The mock-Parandellian conceit of the piece resides in the tension generated between the three stereotypical actors and the equally stereotypical roles they play. And, beyond that, there is the silly, screaming director, flouncing on the stage to bawl out the unseen technicians, the actors

themselves and an ingenious female stage manager who delivers prompts as if they were precious gems.

Mr. Bett's approach may be flippant, but he makes it quite

## THEATRE

MICHAEL COVENEY

clear whom he likes and whom he does not. Two of the actors, played by Roy Hoper and Peter Adair, are palpably sympathetic: one is a no-nonsense, typical Scottish actor with no time for the director's arty jargon and temperament while the other is a camp Byronic figure, playing a dejected priest with obscene, extravagant relish. In a strangely threatening climax, where a soldier bursts in with a machine

gun to side with the director and the third actor (an amateur poet of the boards who is also a property owner) the Celtic double act is left covering in a corner with the stage manager who, we learn, has entered the profession in order to change the world in a company of others. By this time the line between illusion and reality has become delightfully blurred, although we never lose sight of Mr. Bett's critical whiplash views on certain aspects of the contemporary theatre where good intentions are frequently buried in a schizophrantic hesitancy about ordinary showbiz values. There is, in the holier-than-thou, a plethora of very funny lines, and the fate of the director, well played by Finlay Welsh, is sealed from the start, when we see him thrashing about in a black-out, a glowing cigarette keeping time with the raucous blare of the Rolling Stones song that gives the piece its title.

## THEATRES THIS WEEK ... AND NEXT

**QUEENS. BORNCHURCH** — Tommy, ingenious production of The Who's rock opera, complete with lights, music, good singing and fifty delightful youngsters. Opened Monday.

**STRATFORD-UPON-AVON** — *The Tempest*: Unmagnificent, competent RSC production by Clifford Williams with Michael Hordern as a vivid, but earth-bound Prospero. Opened Tuesday.

**GARRICK** — *The Homecoming*: A fine revival of this Pinter piece with Timothy West superb as the father and Gemma Jones as

the son's wife coming home to menace and malevolence. Opened Monday.

**STRATFORD-UPON-AVON** — *The Tempest*: Unmagnificent, competent RSC production by Clifford Williams as a vivid, but earth-bound Prospero. Opened Tuesday.

**GARRICK** — *The Homecoming*: A fine revival of this Pinter piece with Timothy West superb as the father and Gemma Jones as

with Oscar Wilde's *A Woman of No Importance*. At Stratford-upon-Avon, in the Other Place, the RSC revive *The Merchant of Venice* on Thursday and, on the same night, Paul Scofield opens in Manchester at the Royal Exchange, in a Family by Ronald Harwood. In London, Weaker's Roots is at the Shaw from Monday; the Pip Simmons group presents a rock version of *The Tempest* at the Riverside Studios on Tuesday and on Wednesday, Sir Ralph Richardson opens in a new thriller, *Alfie's Boys*, at the Savoy. On Thursday, a new play by Snoo Wilson, *The Glad Hand*, opens at the Royal Court.

## SALEROOM

ANTHONY THORNCROFT

An icon from the Cretan School of The Lamentation, produced near the end of the 16th century, sold for £16,000, plus the 10 per cent. buyer's premium, at Christie's yesterday. It was bought by the German dealer, Kadri for a sum which was over twice its forecast. The sale totalled £167,855.

An early 17th century icon, depicting the Presentation of Christ in the Temple, was bought by the same dealer for £8,000, and an anonymous

bidder gave the same sum for a "Head of the Virgin" from the same source. A late 17th century icon of the Cretan School, showing St George Slaying the Dragon, and signed "By the hand of Victor," one of the three leading artists who left Crete for Venice after the island was taken by the Turks, sold for £7,000. The Temple Gallery of London gave £4,600 for a Macedonian icon of the 17th century of St. Pantaleimon. A sale of English pictures, also at Christie's yesterday, realised £62,085, with O. P. Johnson, the London dealer, paying £3,000 for a Portrait of Lady Anne Erskine, second daughter of John, Earl of Mar and wife of the sixth Earl of Rothes.

At a sale of Chinese ceramics, hardstones and works of art, conducted by Christie's in New York on Thursday, an early 18th century brilliant pale greenish-white jade koro and cover made £13,296 (£24,200). It was bought by Rare Art, a New York dealer, in a sale which realised £238,623.

The English furniture sale at Sotheby's totalled £46,515. The top price was the £3,200 for a Queen Anne walnut bureau cabinet. A George I burr-maple cabinet on stand went for £1,800. Bonhams sale of jewels and objects of vertu brought in £42,154, with 14 per cent. unsold. A Dutch tobacco box made in Amsterdam in 1749 made the top price of £2,100.

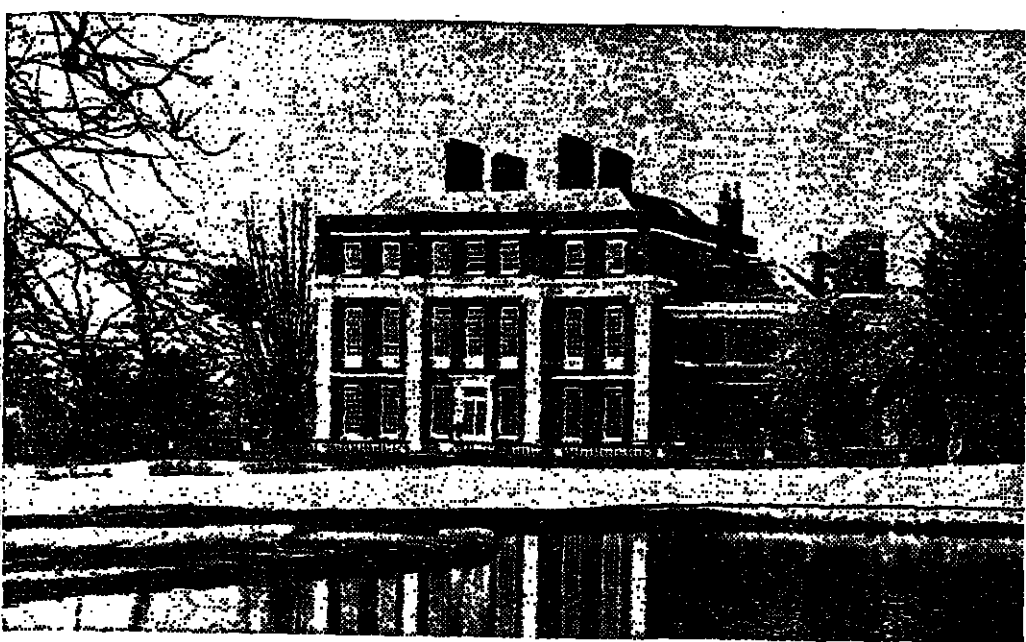
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## COLLECTING



Wateringbury Place

## A county event

BY JANET MARSH

HERE IS nothing quite like a country house sale. Even a modest one can grow to be a county event; and the big ones have the atmosphere of Ascot. Working may be a problem and nine times out of ten it seems to rain (in high summer Mentmore managed to be a morass) but it hardly matters. Even the piles of traffic jams on the road to Mentmore only seemed part of the picnic spirit.

There is, often, of course, a slightly ghastly fascination at the dissection of a household sometimes built up over centuries (when Christie's sold Talahide in Ireland a year or so ago, the Talbot family had been in residence for 500 years).

For the sensitive there is something deeply melancholy in this dispersal of lives and traditions. I remember once in one of the grandest houses in the country discovering in the corner of a stately Adam drawing room a squalid little screened-off cubicle with broken panes, rumpled sheets, a chamber pot and broken lamp where the late owner had tried to create a warm corner in the chilly grandeur he could no longer afford to heat.

Sale lots have quite a different habit, in the furnishings of the cream bedroom or the library room corridor, than in the jumble of the salerooms. And are juxtapositions in the catalogue that you would never see in Bond Street: Chippendale masterpieces side by side with garden rollers and pairs of boots (one torn and mended).

There is, in fact, no melancholy sentiment about the outstanding house sales to be held this month by Christie's, Childwick Bury, St Albans, Wateringbury Place, Maidstone. Both of them are being posed by living owners simply want to move on to somewhere else more content. Nor is either of them kind of accumulation that has grown up over years and generations and where the piles and outhouses are likely to yield up some masterpiece of Georgian furniture maker or was thrown there when it

became raggy a century and more ago.

At Childwick Bury, a wandering seventeenth century house, the outstanding collections of early and mid-18th century English furniture, of sporting paintings and Old Masters and Chinese porcelain (most of the pictures and porcelain are in fact to be sold in London) has been formed largely since the Second World War by Mr. H. J. Joel, the bloodstock breeder and racehorse owner, and his father.

Wateringbury Place has been created, or rather re-created, in a single generation. The lovely Queen Anne house, modelled on Winde's Buckingham House, was built in 1707 by Sir Thomas Style, and remained in his family until 1839. More than a century later, in 1945, David Style, great-great-grandson of the last Style to have lived there, bought back the house and restored it from a derelict state.

The fine collection of family portraits of the 16th and 17th century had remained intact in South Africa; and around them Mr. Style furnished the house with a combination of decorator's flair and a very keen connoisseurship. The selectivity of his collection of Regency and Chinese furniture can in part be explained by his special position as (in Christie's delicate wording) a marchand amateur.

It is extraordinary to look back, through the catalogues of these sales, on the kind of things it was still possible to buy for conceivable sums in the post-war years: the splendid Boulle bureau Mazarin that once

belonged to Horace Walpole and the suites of Kent furniture at Wateringbury; the superb walnut and the commodes thought to be by William Vile, at Childwick.

Each of the sales is confidently expected to realise at least £1m. Before Mentmore, no house sale had come near that magic figure.

Are prices higher at house sales, to justify the expense of the marquees and the armies of clerks and porters who have to be brought from London? Clearly the atmosphere, the new buyers who normally never go near auctions, the fact that having come so far dealers cannot go back empty-handed, inevitably have their effect. But the kind of outstanding quality lots that abound at Wateringbury and Childwick Bury would make their price anywhere; and if there is a certain premium on the more modest lots and even on the contents of the servants' bedrooms and garden shed, it is no doubt worth it to the buyer in terms of provenance and association.

Entry to the Childwick Bury sale (May 15-17), the Wateringbury Place sale (May 31-June 2) and their view days (at Wateringbury over the Bank Holiday week-end) will be only by catalogue which costs around £5 a volume, and already evokes the spirit of the event, with a guide to how you arrive by land or air and details of the catering by Letheby and Christopher. "No oysters, we're afraid; but smoked fish lunches no doubt..."

## TV RATINGS

Britain's audience counters are usually put out by Bank holidays and the like so we will have to wait a few days before we know what happened to U.K. audiences last week. With no holidays in the way the Americans produced their *Buena* showing once again that Prime Time comedy rules the roost, but that those highly polished ever-lasting "drama" series across the States. It all helps to

take your mind off the uncomfortable reality outside.

U.S. TOP TEN	AS
1. <i>Three Company</i> (ABC) (Comedy)	28.7
2. <i>Vegas</i> (ABC) (Film)	26.0
3. <i>Laverne and Shirley</i> (Comedy)	25.6
4. <i>Alice</i> (CBS) (Comedy)	24.8
5. <i>Happy Days</i> (ABC) (Comedy)	23.9
6. <i>All in the Family</i> (CBS) (Comedy)	23.6
7. <i>One Day at a Time</i> (CBS) (Drama)	23.5
8. <i>Charlie's Angels</i> (ABC) (Drama)	22.2
9. <i>Cherleader Championship</i> (CBS) (Drama)	22.0
10. <i>Survival and Hatch</i> (ABC) (Drama)	21.8

A Nielsen rating is not a numerical

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## Every detail receives attention

This illuminated Spanish manuscript was discovered amongst a large collection of books sent to Sotheby's for sale. It contains no mention of the title of the book or of the author. A tiny added signature at the top of one miniature, however, was the clue

which solved the identification. Our experts recognised it as the ownership mark of the Aragonese historian Gerónimo Zurita (1512-1580), proving that it is his long-lost manuscript (last recorded in 1678), written by a 14th century Franciscan. It records a journey around North Africa, Europe and the Far East, shortly after Marco Polo. It will be sold on 11th July and is now expected to realise in the region of £8,000.

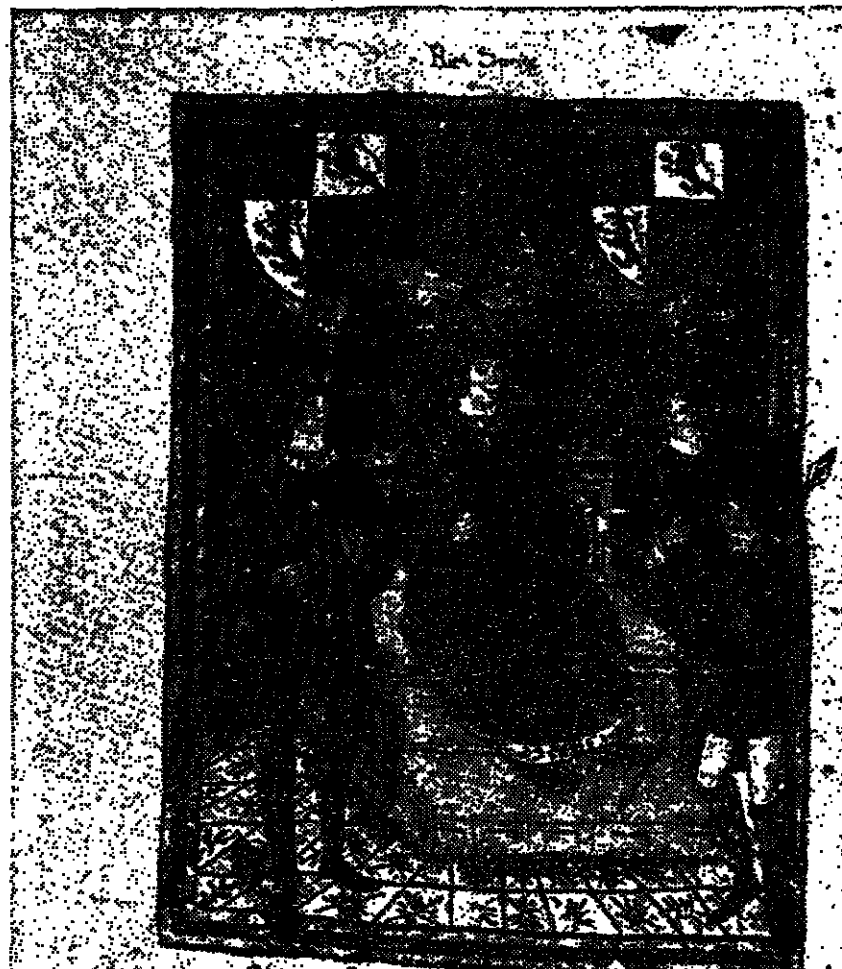
The appraisal and valuation of a work of art requires specialist knowledge and attention to detail.

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EXPERIENCE AND EXPERTISE ... 339



Lyre Guitar by Harley, London,  
circa 1810. Sale, Wednesday, May 17

The Lyre Guitar was one of the several modifications of the six-string Spanish guitar which came into being mainly as an instrument for amateurs, at the beginning of the 19th century. Both in shape and decoration such instruments reflect the influence of the "antique elegance" of the Neo Classic era to which they belong. The present example is by Harley, a London maker. Also included in the sale on May 17 is a rare mid-18th century French Horn by another London maker, John Christopher Hofmeister, obviously of German origin, who worked in Piccadilly in 1751-63.

Also in this sale is a fine violin by Jean Gosselin, dated 1828. Gosselin worked in Paris between 1813 and 1832 and described himself on his labels as an amateur. In fact he was one of the finest of all copyists of Stradivari and the violin in the present sale is a companion piece to the one in the Rudolph Wurlitzer Collection book of 1931.

For further information on items in Christie's sale of Musical Instruments, Books and Musical Miscellanea on Wednesday, May 17 at 11 a.m., please contact Edward Croft Murray or Rosalyn Neave at the address above.

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Edited by Denis Sutton

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Saturday May 6 1978

## Provisional balance

THE STOCK market has for most of this week been confidently expecting the rise in the Minimum Lending Rate which did not take place last week. When the Bank of England let it be known on Thursday, moreover, that it would not seek to oppose the strong upward pressure on money market rates and would leave market forces free to settle the level of MLR, it was generally assumed that the rise would be substantial. A point in fact, from which a fall seemed more likely than another rise—and that the Government would promptly issue a new short-dated stock which the public would be ready to buy. MLR did rise quite sharply yesterday, from 7½ to 8½ per cent. But the most common expectation had been 9 per cent., and there was no new issue: the new balance is essentially provisional.

## U.S. rates

Earlier in the week the Treasury had announced a drop of no less than \$2.3bn. in the official reserves, and this may have sharpened anticipation of higher interest rates. But a third of this drop was due to advance repayment of foreign currency loans, and the Government had made no secret of the fact that there was heavy intervention in the foreign exchange market to check the decline in the sterling rate. This intervention suggests that it believes something like the present rate is right on competitive grounds and is ready to lose a part of the hot money that flooded in when the dollar was weak. It is not the reserves as such which worry the financial markets but uncertainty about the balance of payments.

## Budget doubts

In addition to this uncertainty, which is the more worrying because the balance of payments seemed until recently the one feature of the economic outlook one could afford to ignore for the time being, two factors have been responsible for the rise in interest rates—one domestic, one external. The domestic factor is the size of the public borrowing requirement implied by the Budget proposals and doubts about the Government's ability to finance it at present rates without unduly inflating the money supply. The Chancellor himself recognised that there would be doubts of this kind when he announced a rise in MLR from 6½ to 7½ per cent. in the Budget speech itself. But they were only increased by hints—hashtily withdrawn—that there might be further tax cuts before long and

by the possibility that further cuts would be forced on the Government in the debate on the Finance Bill. The external factor is the new determination of the U.S. authorities, with the Administration and the Federal Reserve apparently in general agreement, to tackle the weakness of the dollar and move against the possibility of accelerating inflation. The recent stabilisation of the dollar exchange rate is the rise would be substantial. A point in fact, from which a fall seemed more likely than another rise—and that the Government would promptly issue a new short-dated stock which the public would be ready to buy. MLR did rise quite sharply yesterday, from 7½ to 8½ per cent. But the most common expectation had been 9 per cent., and there was no new issue: the new balance is essentially provisional.

But there are various things in the offing which could quickly upset any attempt to establish 8½ per cent. as a durable MLR. Next week it will become clear whether or not the tax proposals of the Budget are to be upset and, if so, how the Chancellor will react. On the following Monday come the April trade figures and, a few days after that, the latest information about the growth of the money supply. If all this turns out well, the Government could begin to sell stock again. But until all this is out of the way, and until it is clear whether interest rates in the U.S. are going to rise further—the latest inflationary indicators over there are far from encouraging—it would be optimistic to count on any clear trend in the stock markets.

## THE FUTURE OF TELEVISION

## Impatient wait for the 4th channel picture to clear

BY ARTHUR SANDLES

FOR THE moment Britain's television companies are pleasantly placed financially. The commercial contractors are seeing their revenues rise by between a quarter and one third compared with the same period last year, and even the BBC is moving towards a stage where it might start offering biscuits with its coffee once more. The pundits are suggesting that with an election in the air Government is unlikely to reverse expansionist ideas and thus advertising will continue to flow, with 20 per cent. being the generally accepted prediction for overall revenue growth in ITV in the current year. With the Price Commission having until recently taken a somewhat naive view of advertising rate cuts (looking at the published tariffs and forgetting such sophistications as prime time surcharges) all in the garden must surely look rosy. But beneath, quite naturally, being the apparent joy rumbles considerable discontent over the Government's cavalier attitude towards the industry, and increasing sounds of abuse are being heard from the world of advertising.

It is not hard to trace the source of irritation with the Government. The BBC feels that the nettle of the licence fee has remained ungrasped for far too long. The move towards an annual review of licence fee levels is regarded within the Corporation as little short of disastrous, affecting as it does long term planning and providing a background against which Ministers could be tempted to a "behave yourself or we'll not give you an increase" attitude. Lord Windlesham, managing director of ATV Network, recently made it brutally clear that the fond belief held by the British that their politicians did not attempt to interfere with broadcasters was sadly misplaced and a succession of BBC notables have made the point about the sensitive nature of Government/broadcasting relationships.

But, as far as the commercial companies are concerned, the annoyance is not so much over actions as inactivity. All the companies put considerable effort into preparation for the report of Lord Annan into the Future of Broadcasting. Annan and his team worked for two years and presented their report more than a year ago. Whatever abuse was heaped upon his head as a result of the findings the report scarcely deserved the fate of total neglect, which seems to have been Governmental reaction. Swift decisions were promised, then delayed, a White Paper was mooted (and still is) then it too

was delayed. Further representations were invited from interested parties, and these too, it seems, have disappeared into some dusty Whitehall file. Sir Denis Forman, chairman and joint managing director of Granada Television, was more to say recently: "Now at the end of March the realisation has dawned that there may not be a White Paper at all, and so far as this parliament is concerned broadcasting may have no future. So the life span of the broadcasting authorities, already extended by one year to 1979, will be stretched for a further two years and five months to allow for further thought, further discussion, fuller consideration, and a general election."

Forman suggests a view of what has happened which is widely echoed in the industry. This document (a draft of the White Paper) drifted into the higher stratosphere of Government where the persons concerned, quite naturally, being pre-occupied with more pressing matters, had not read all of the Annan Report, nor heard much of the great debate, not seen the submissions of the interested parties to the Home Office, indeed had seen very little except the Minister's final

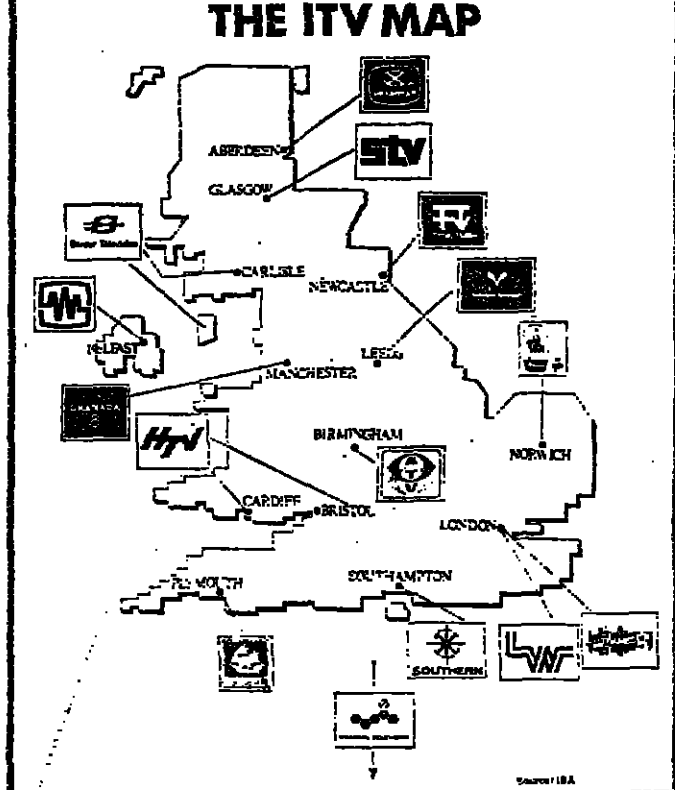


Three men at the heart of the debate on television's future. From left to right, Sir Denis Forman, of Granada Television, Lord Windlesham, and Lord Annan.

another publicly financed channel, meant unacceptable commitments to public spending. At Here would be another advertising medium, but one which was under the control of the present broadcasters and one which would not therefore offer too great a commercial threat. For the BBC it was not too awesome a prospect either, better more of the competitor known than some novelty which could rock the broadcasting boat.

A year ago ITV had the support of much of the Labour party and probably all but a small minority of Tory parliamentary opinion. The balance is almost certainly still in ITV's favour, but there are signs that a campaign to introduce a third party into the broadcasting game is gaining some ground. In Labour's case this third party might mean a reversion to the once sneered at Annan idea of an Open Broadcasting Authority, while the Tories might be tempted to look for other commercial enterprises to run the fourth channel under the wing of the present Independent Broadcasting Authority.

## THE ITV MAP



proposals, which they set about to question ab initio. In other words there was a delay in Cabinet.

The argument apparently centred around a broadly held view that ITV should get the fourth television channel. This panacea would like to run ITV-2 naturally enough upon the Labour left but the alternative, plementary programming to

ITV-1 in much the same way as the BBC runs its two channels. Here would be another advertising medium, but one which was under the control of the present broadcasters and one which would not therefore offer too great a commercial threat. For the BBC it was not too awesome a prospect either, better more of the competitor known than some novelty which could rock the broadcasting boat.

Who implies that the London area would be better divided geographically than as it is at the moment, by days of the week. After the Annan Committee reported the television companies (there are 13 of them covering 14 areas) felt themselves relatively secure in that there was no time in the schedule the Government had apparently set for there to be a major change. Now the Government has simply changed the rules of the game by extending everyone's contract for two and a half years.

## Contractors are not amused

Needless to say the contractors are not amused by this extension.

"This, no doubt, is the way that Government must often work. It may be good for democracy but it is bad for broadcasting," says Granada's Forman. "There is nothing more harmful to our trade than prolonged uncertainty. Quite apart from the question of investment, and television has reached a point at which tens of millions of pounds should be invested to bring us up once again to match the world leaders in technology. TV men face quite a time now of frustration."

From the consumer viewpoint there might be one lone bone in further delay. Television technology, given scant coverage in Annan, is advancing apace. Delay should allow the decision makers to make full use of innovations in Teletext, Vide data, electronic news gathering, satellite broadcasting and a host of other developments, but that is not the plan for the delays.

## Letters to the Editor

## Corporations

From the Chairman  
 British Legal Association

Sir—David Churchill, in his interesting article "The precarious life of today's Town Clerk" (May 2), indicates some of the reasons why local authorities are less enthusiastic about adopting or maintaining a "corporate structure" than was the case a few years ago. May I suggest that a very likely reason for the change of heart, apart from the added expense which the corporate structure imports into local government, is the realisation of what was lost when local authorities decided that their chief officer need not henceforth be a solicitor.

A local authority is a legal entity only and unless it interprets its powers and duties correctly it does not serve the public. The obvious choice as chief officer is the solicitor Town Clerk, a figure to whom councillors and staff alike could, and did, turn to for sensible advice on most matters. All this was thrown away in pursuit of a new-fangled piece of nonsense called "corporate management".

In his recently published book "The Dilemma of Democracy," Lord Hailsham describes (p.71) the amalgamation of the three service departments into a single Ministry of Defence. The arguments in favour of such a change are curiously like the arguments advanced in favour of corporate management at local authority level: "greater unity of control and the end of inter-service rivalry," "vast economies," it was said, "would be effected by common services and procurement, and further savings in expenditure by the reduction in central staff. Above all there would be coherent and unified service from the Chiefs of Staff. Lord Hailsham recalls how disappointed he was "When I discovered that the new Ministry of Defence would cost more and not less and employ more and not fewer people." Did we really have to repeat the mistakes of central government in every town hall in this country before we were alerted to the fact that the corporate state is not only a form of government alien to democracy, centrally or locally, but absurdly expensive and

inefficient into the bargain? I hope that those councillors who are having second thoughts will take their courage in both hands and restore the solicitor Town Clerk to his rightful role in local authority administration as the defender of the rights of the public as well as adviser to the council.

S. P. Best,  
 British Legal Association,  
 29 Church Road,  
 Royal Tunbridge Wells,  
 Kent.

## Currency

From the Chairman,  
 Underwoods (Cash Chemists).

Sir—Evidence from the Science Policy Research Unit of the University of Sussex on the value of money and its effects on exports and thereby the national wealth and health shows that a strong currency (for example, the Deutschmark) has a strong tendency to encourage more competitive, even though more expensive, exports. Surely it is easy to see why. A strong currency makes exporting more expensive and thus more difficult. Difficulties tend to sharpen the wit of those pursuing to maintain, indeed extend, their competitiveness. In dear old England however, with her thick politicians, their irresponsible attitude to money not only makes Jack a dull boy but also one who is psychologically disinclined.

H. Woolf,  
 Underwoods (Cash Chemists),  
 205, Brompton Road, S.W.3.

## Accounting

From Mr. M. Speer.

Sir—I do wish Professor Myddelton (April 18) would stop repeating that constant purchasing power has nothing whatever to do with inflation. Inflation affects prices—current cost accounting recognises adjustments in prices caused by inflation, together with other relevant factors specific to the assets to which it is applied (for example, technical development of fixed assets, international market conditions of raw materials) which CFP does not recognise. The Hyde guidelines combine this with a sensible, if not a little rudimentary, gear-adjustment which apportions same outlay. The point Mr.

the CCA adjustment to shareholders equity where liabilities exceed monetary assets and applies Professor Myddelton's cherished general purchasing power index where net monetary assets exist.

Few accountants pretend that the Hyde guidelines are perfect but let us do the profession service by supposing a company attempt to recognise the effects of inflation and other factors affecting prices in financial statements. As former Securities and Exchange Commission accountant John Burton once said "It's time that accountants and financial types develop a greater tolerance for imprecision because that's the way the world is."

M. P. Speer,  
 100, Kokerlaan, 1900 Overijse,  
 Belgium.

## Midsummer

From Mr. A. Scott.

Sir—As we now have the 1st of May as a holiday, might it not be an idea to move the next one to the Monday on or following the summer solstice on June 21? The weather is often at its best then and the days certainly the longest.

A. H. Scott,  
 602, Beeches Road,  
 Chemsford, Essex.

## Pensions

From Mr. M. Pilech.

Sir—It is a sad comment on the complexity of the new state pension scheme and the failure of the experts to explain it that, even now, an obviously intelligent person like Mr. R. Newton can write the letter that was published on April 28.

He makes two assertions, both of which are entirely false. First of all, he claims it is impossible to match the additional component of the state scheme for a contribution of 7 per cent. of payroll. Secondly he states that contraction out involves the loss of the Treasury (18 per cent.) contribution.

The contracting-out rebate was in fact fixed on terms which would allow any group of employees with a normal age and sex distribution to be provided with comparable benefits under an occupational scheme for the same contribution.

The contracting-out rebate was in fact fixed on terms which would allow any group of employees with a normal age and sex distribution to be provided with comparable benefits under an occupational scheme for the same contribution.

Michael Pilech,  
 Noble Lowndes Division,  
 Lowndes Lambert Group,  
 P.O. Box 144, Norfolk House,  
 Wellesley Road, Croydon.

## Inequality

From Dr. G. Bonnin.

Sir—I have no objection to the Government trying to convert the remaining grammar schools into comprehensives, as reported on April 28. I think, however, that there are tasks deserving a higher priority such as providing comprehensive education for children living in areas where

there is neither a grammar nor a comprehensive.

I live in a village in Kent, but hardly 25 miles away from Whitshall as the crow flies. Children at 11 move to a so-called middle-school: no selection there. At 13 out of 100 children, 25 will have a chance to move to Gravesend Comprehensive School, which is what for a selection. And those 25 places are subject to availability in Gravesend, which means that perhaps only 20 per cent. will have a comprehensive education. The remaining 75-80 per cent. will stay on at the middle-school for a number of years and the headmaster would be disappointed if on the way some at least would not pick up an O-level.

I suppose we suffer from the fact that we are in a village and that we are too far from a comprehensive school. The majority of the parents are City gent who catch the 7.30 to London.

What is the solution for the parents who realise that the world of education is becoming increasingly competitive? Send their children to a private school or a public school as opposed to a state school? Is it not creating an equality of chances for the children coming from poorer parents?

(Dr.) G. Bonnin,  
 Thames Polytechnic,  
 Riverside House Annex,  
 Beresford Street, S.E.18

## Unemployment

From the Director,  
 Centre for Innovation and  
 Sheffield City Polytechnic.

Noble Lowndes Division, Lowndes Lambert Group, described by David Eversley (April 26), may be welcomed by some people but it makes no sense for Britain.

There is, in fact, no shortage of work in Britain. How can there be a shortage of work in a country with a million substandard homes, antiquated schools, outdated hospitals, road congestion, river pollution, rising crime rates, adult illiteracy and thousands of people with an appalling need? No, there is no shortage of work, only a mismatch between needs and resources.

Despite this vast backlog of work that even Hercules could never catch up with, we insist on paying people to do nothing all day. Worse still, we pay others to attend factories and offices which are grossly overmanned. Our manpower productivity levels are below those of our competitors yet we complain that these damned foreigners won't buy our over-priced goods. We pour capital into decaying industries without recognising that it's like pouring water into a bath with no plug.

I don't pretend to know the answers to our irrational behaviour. I only know that we must stop talking about work sharing, early retirement, devaluation, import controls and all the other pseudo-solutions. Instead, we must start talking about the need to create more wealth, to export more services and knowledge-based activities, to generate full employment by meeting the real needs of customers.

Nothing short of a revolution in our ways of thinking about Britain's problems will bring the radical changes we need. But no doubt most people will prefer to muddle through in traditional fashion. The question is, "Can we afford to wait and see?"

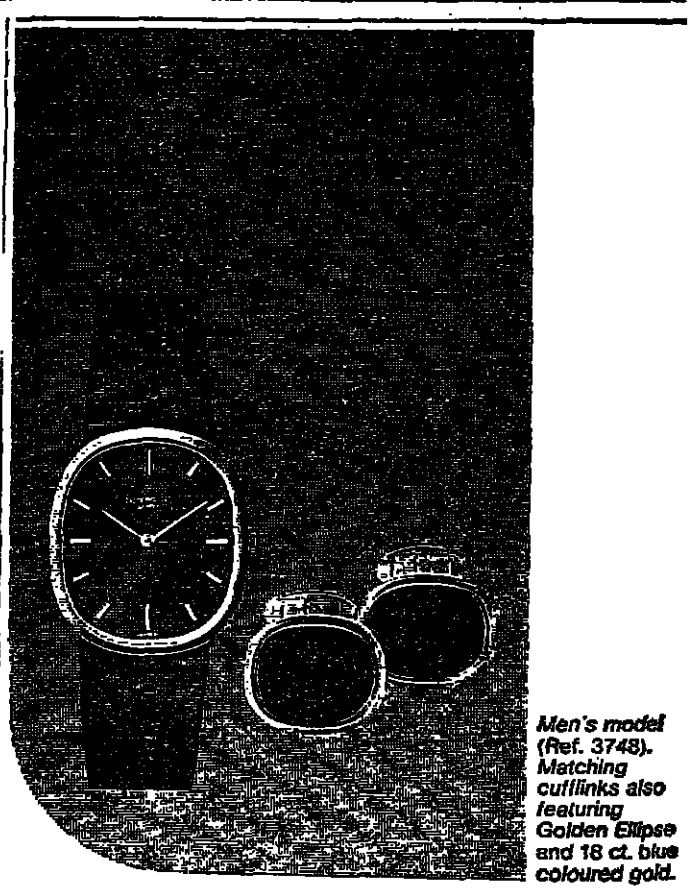
E. C. Wood,  
 Halfords House,  
 16, Fitzalan Square, Sheffield.

## Interest

From Mr. R. Benns

Sir—If one of the reasons put forward by the banks for not paying interest on current accounts is that such interest would be taxable in the hands of their customers and the banks are aggrieved at the concessions allowed by the Revenue to building societies and the Government wish to encourage small savers and everyone wants to simplify the methods of collecting tax, then would it not make sense, rather than eliminating the "first £70 of interest free of tax" principle from the Trustee Savings Banks to extend such a principle to all banks operating a current account service?

R. E. Benns,  
 Longstone House,  
 30 Cullington Road,  
 Saltsall, Cornwall.



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هكذا منة الأمل



**THE BARRICADES** will be up on many of the shops and houses along the approach roads to Wembley Stadium to-day as nearly 100,000 make their pilgrimage to the climax of the soccer calendar. The police will also be much in evidence and newspaper photographers will be ready to pounce on the slightest hint of an outbreak of violence between rival fans.

For many, the cup final clash between Arsenal and Ipswich will mean an afternoon in front of the television with a can of beer. For the majority, it will mean the prospect of a few short months to open their Monday newspapers without yet another dissertation on crowd violence—unless, of course, the World Cup in Argentina turns into a bloodbath.

For the clubs, the breathing space will also be valuable. While the reds and blues taking the arena to-day will have profited well from their cup success, many other clubs further down the ladder are struggling for survival. The summer will provide the opportunity to put together more ingenious money-making schemes to cover the gap between receipts at the turnstile and the heavy costs of putting on a match.

Despite the attentions of Government, administrators, pundits, managers and the quarters of the general public, the football industry is still in a sorry state. Were it not for the generosity of various club directors and the benevolent eyes of some bank managers, many clubs would not be able to open again for business.

The rest depend on the faith and loyalty of behind-the-scenes employees to keep the club running. Dogged by high wages to players, transfer fees which can be as much a curse as a blessing, and legislation-backed ground improvement schemes that few can afford, the clubs are operating with their backs to the wall.

If this were not bad enough, the terraces of their clubs have become the chosen battleground of a violent section of to-day's youth, a phenomenon which has completely altered the social profile of their supporters and has hurt them financially.

The game is careering along out of control, both financially and socially. And because of the present structure, it is difficult to decide even who is meant to be in control.

Gates have consequently suffered. Total attendance for this season will be slightly down on last at about 25m, whereas in the 1955-56 season total attendance was just over 33m.

The bulk of any club's revenue comes from the gate. The average cost of admittance to the terraces is 90p, while a seat in the stand costs about £2.50. In addition, there are lotteries, souvenirs, clubs, special matches, alternative settings and, for the fortunate, a league or cup run.

The Football League collects television fees, one third of all net receipts from the cup ties (one quarter of the semi-final and final) and 4 per cent of the net gate from league games. The share-out of all this may be £35,000 per club at the end of the season. But what should be a useful cushion has often already been swallowed up in heavy police charges to control the fans—charges of well over £1,000 per game at the bigger clubs.

Immediately post-war, and up until about 1960, soccer jogged along in much the same way as it had always done. It was a popular and cheap form of Saturday entertainment and there seemed no reason why it should not continue to be so. In the nation of many, it was during this time that the seeds of to-day's disasters were sown.

Instead of pushing ahead with phased, but ambitious, ground improvement plans at a time of relative prosperity, the grounds were left to stagnate.

It was as difficult then to justify substantial capital expenditure on business facilities which are used for about 75 hours a year as it is now, but even so, a bold decision then could have eased the problem now.



Professional football is floundering in a web of social and financial confusion

## Why soccer is on a losing streak

BY STUART ALEXANDER



Football matches have become the chosen battleground of a violent section of to-day's youth.

Far from going away, the need to invest is more acute to-day and is now reinforced by safety regulations for sports grounds.

Local authorities will be required to inspect grounds to see that the improvements are made. If they are not, then a club's licence may be suspended. Manchester United, one of the clubs which has spent money and can always raise more, estimates their work will cost them £300,000. Many clubs which are in a much worse condition, could not find £300,000 anyway, and are afraid even to estimate how much more than that it may cost them.

Recently Keith Cafferty, commercial manager of Millwall, said that any club which invested large sums in improved terracing would be "throwing their money down the drain." He sees the best course for the future lying in more seats being made available and links this need to the changing aspirations of the supporters.

It was Coventry that blazed a mid-80s trail by putting up a restaurant and social club facilities alongside the football stadium, while others were struggling with rapidly-rising wages to players who had previously been rather under-paid. It was Jimmy Hill who, as chairman of the Professional Footballers' Association, had successfully fought the battle on the wages front and it was he who led Coventry into the new era.

But it was not only the players who expected more from the clubs. The supporters were also becoming more affluent and wanted improved conditions. In the end, the players came first.

At the same time, two aspects of home life began to have an effect. First, the increase in the number of

working wives meant some of the national game. But a democratisation of the choice of leisure activity. While the husband was keeping the family soon make the ebb and flow of his own, he could choose to go off on a Saturday afternoon, look rather hum-drum. Tele-

But a wife who was also making vision helped to build up star financial contribution wanted names. Under so-called expert something both could do, and analysis, perfectly ordinary that often meant anything but moves were transformed into feats of sheer genius, and the balance to the hooligans are devote more hours per week to ecologies of mid-field mastery.

So the players became highly-paid idols in shining cars, snappy suits, and blow-dry hair, perms, while the supporters, who paid their wages, stood freezing and wet on the same old terraces watching a game that did not remotely resemble the glamorised version he saw on television.

Not all players earn £300 a week, not all can command £350,000 in the transfer market—or with the power of the D-Mark behind you—£2m, for Kevin Keegan. Many league players earn between £75 and £90 a week and there is a tendency to pay less in the North than the South. But as long as the team remains the first priority, other items will be pushed aside.

The players have learned to raise two fingers with equal ease to opposing fans, referees, and their own clubs. They have recently pushed through measures which give them greater freedom of contract. At the end of their terms they are allowed to move even if the two clubs concerned have not agreed terms, though terms can be negotiated later—if necessary with the help of an arbitration panel.

To some extent transfer fees have been inflated because clubs do not wish to pay heavy taxes on any profits. Nor is it easy to distribute profits. Under the league terms, no more than 5 per cent of any profits can be paid to shareholders.

The continued outbreaks of fighting and thuggery have plagued yet another season. Fifteen years ago, it was thought very strange in this country that hot-tempered fans abroad had to be put in cages. It has now happened here, and at a recent meeting of the Sports Ministers of the Council of Europe, Mr. Denis Howell, our own Sports Minister, admitted we were carrying the reputation of being the worst in Europe.

The effect has been that football is no longer a family spectator game. The very people who could have been a counter-balance to the hooligans are those who will not allow their

more disciplined sons to go to football. At the turnstiles the cash flow has been squeezed just at the time when clubs are desperately short of money.

Every kind of remedy has been suggested: Detention centres, identity cards, physical punishment, closing of grounds, banning of visiting supporters, even an afternoon in the stocks.

Some would like to see local authorities become more involved, building community service centres alongside existing grounds. Others would like to see clubs making joint use of grounds in order to ease financial burdens.

Certainly the players could help by playing with more respect for each other, the rules and the referee.

Over the next ten years it seems certain that some clubs will have to merge their interests and swallow some of their local pride in doing so. The introduction of transatlantic opportunities seems likely to increase player mobility, making the show business aspect of the game more prominent and diluting local loyalties.

It is also important that football clubs strengthen their middle management structure. Between the Boards and the- there is all too often a yawning gap. The club manager more often than not looks after the team, rather than the club.

Watford recently appointed a chief executive, possibly because its pop star chairman, Elton John, recognised the need for business drive. Chelsea has also appointed a chief executive to help overcome the problems created by borrowing expensive money to provide much improved conditions for a reduced number of fans.

In theory real success should be a piece of silver in the trophy cupboard. In practice professional football is floundering in a web of social and financial confusion with which it cannot cope: the problem is just too unwieldy.

Radical pruning and expert management are long overdue.

## Weekend Brief

### Kass transactions

Have you heard the one about George Walker making £750,000 out of *Star Wars*? Well, like all true stories it is not quite so simple as that, but the tale of Walker's remarkable success with one of his first film ventures is likely to be an encouraging one to those who make their way hopefully to the Cannes film festival later this month.

It all started with Walker, to heads the leisure group of Walker, finding himself at the Cannes film festival, Joan Collins at one of those glossy luncheon tables this year. Miss Collins mentioned a book by her sister and pointed out that it might make a successful movie. Walker expressed polite interest but little more. Then a couple of days later a telephone call from a Walker side Collins' husband, Ron Kass, a time managing director of the picture, revealed that Walker's interest had been deeper than it appeared over the steamed innominate. Kass was told that if he came up with a complete package ready for the cameras, he, Ron Kass, would find the necessary cash. The book was *The Stud*.

The Kass/Collins duo complete their side of the bargain so did Walker, producing enough backing to meet the expected £750,000 budget. As it merged Kass, who produced the film in which Joan starred, bought the whole thing in for a somewhat less, leaving Walker and his backers some change round £300,000. *The Stud* opened to disastrous reviews from the London critics, but enormous queues at the box offices. Kass led in a record of the film's success which, sold through Ronco, has produced a remarkable effect in the record shops, and which currently stands at No. 4 in the 1p ratings. *The Stud* is now proving to be a runaway popular success in various fields, putting it in the same league as *Star Wars* and *Close Encounters of the Third Kind* as a U.K. saleable commodity. It might gross £3m. on the U.K. market alone over the next couple of months.

All that means is that Walker, Kass and Collins can go to Cannes with contented looks on their faces. The film has already more than repaid its investment and has not yet been sold in any foreign market. Anything that comes in from abroad is profit.

But, back to *Star Wars* and this particular situation is that *The Stud* is a British picture and thus qualifies for Eady money. Eady money is a central fund provided by a levy on all cinema seats and distributed to British film-makers in proportion to their box office takings. It is thus a success bonus.

This year takings at the cinemas have rocketed, thanks to the sudden popularity of the film. The Eady fund is now £275,000, a considerably larger Eady pot to be distributed to fewer British films. The end product of this is that *The Stud* could end up with an Eady bonus of some £750,000, with *Star Wars* patrons making a sizeable contribution. Needless to say, Walker and the Kass family are now very friendly. It would not be surprising if another Cannes luncheon produced a Son of *Stud*, doubtless to the dismay of the critics. That's show business.

### Rail ways

IT IS always difficult to know how to interpret the accounts of nationalised undertakings, and this week's annual report from British Rail is no exception. According to the Railways Board, British Rail made an operating surplus of £68.4m. in 1977 against £13.7m. in 1976. But these figures are before knocking off interest, which amounted to £43m. in 1977. So a fairer comparison is probably between the £27m. net surplus for the year, against £5.3m. the previous year.

However, if the British Rail figures are adjusted for inflation in line with current practice it turns out that overall the business lost £120m., a figure which is probably not much different from the "real" result for 1978.

Another point to be borne in mind is that the above non-inflation adjusted "profit" figures are arrived at only after very substantial contributions (subsidies) from the Government—roughly £1m. a day in fact—in respect of uncommercial but socially necessary services. British Rail refers to this as its "financial contract" with the Government and obviously would like us to believe that is only agreed after the toughest negotiations.

Finally, British Rail has produced detailed financial forecasts for its passenger business for 1978. These reveal that the Government should be paying another £305m. on the "financial contract" and a further £50m. for replacement of plant. The overall profit for the year is forecast at £18.7m. Since that figure includes the extra £50m. grant for plant replacement, it might seem reasonable to conclude that the Board will really make a loss of £31m. But that is not the case, according to BR's finance department; apparently the £50m. grant means that the 1978 depreciation charge is also to be increased by £50m.

### Royal ties

Speaking on his home ground Prince Charles gave a notable display of the aplomb and wit while telling journalists what was being done with the £16m. raised by the Jubilee Appeal. Quite absent in the Buckingham Palace milieu was the dilution he sometimes shows within the confines of a TV studio. Even so, the world of TV does him. The prince had scarcely begun speaking when one of two BBC cameras in the room began emitting urgent shouts for a "share!" demanded a north



Kass and Collins: conversation piece

electronic freakishness was bringing into the room the command for the guardsmen parading before the tourists outside the palace gates.

The camera had broken down and the cries were those of an engineer in a monitoring van outside, appealing to the crews to bring the second camera into play. The prince continued coolly in the face of this com-

country journalist. "I'm not saying anything about Yorkshire replied the prince. "It will only encourage them to devolve."

Would he persuade his younger brothers to take an interest in the future of the appeal? "I find it hard to persuade my younger brothers to do anything," he said. Only when somebody wanted to know whether ethnic groups were being properly catered for did the prince look momentarily wary.

This friendly cut and thrust took place in the palace cinema, a glided and Victorian spot as cinemas go. Alongside the prince as he spoke was a large Landseer painting of a man surrounded by wild animals and wrestling with a tiger.

Asked if the City and industry had been up to the mark in contributing to the appeal, he replied "They gave 55 per cent", as though the figure had been on the tip of his tongue. He then spotted Justin Phillips of the Central Office of Information wearing the tie of Trinity College, Cambridge—which the prince also attended. During reminiscences of undergraduate days, Phillips said he remembered seeing the prince studying without moving for four hours in the college reading room. "I was getting very near the exams just then" replied the prince with his slightly ironic, self-deprecating grin.

Phillips said that his mother had made him wear the Trinity tie just in case it was noticed. Prince Charles very much gave the impression this week that he never overlooks gambits like that.

Contributors: Arthur Sandles, Michael Lafferty and Richard Hall.

**MONDAY**—House of Commons—Finance Bill, committee, European Central Bankers begin two-day meeting in Basle, EEC Agriculture Ministers' two-day meeting opens, Brussels. Wholesale price index (April-prov.). Financial Times two-day Euromarkets conference begins, Royal Lancaster Hotel, W2. Amalgamated Union of Engineering Workers conference opens, Town Hall, Worthing. Civil and Public Services Association conference starts, Conference Centre, Brighton. Slim clearance (1st qtr.). Housing starts and completions (March). House renovations—work completed (1st qtr.).

**TUESDAY**—U.K. banks' eligible liabilities, reserve assets, reserve

ratios and special deposits (mid-April). London clearing banks' monthly statement (mid-April). CBI Industrial Trends Survey (April). Hire purchase and other instalment credit business (March). Mr. Edmund Dell, Trade Secretary, guest speaker at Foreign Press Association luncheon, 11, Carlton House Terrace, S.W.1. Mr. Robert Sheldon, Financial Secretary, Treasury, addresses Industrial Society conference on Profit Sharing, Quaglin's, S.W.1. Retail sales (March-Ann).

**WEDNESDAY**—Commons—Fin-

## Economic Diary

W.C.2. Finished steel consumption and stock changes (1st qtr.-prov.). Vehicle production (April-prov.).

**FRIDAY**—Mr. Denis Healey, Chancellor of the Exchequer, speaks at Electrical, Electronic Telecommunication and Plumbing industry conference, The Spa, Scarborough. European zinc industry, EEC governments, and the EEC Commission discuss zinc in zinc market, Brussels. Building Societies' receipts and loans (April). Usable steel production (April).

**SATURDAY**—Mrs. Margaret Thatcher speaks at Scottish Conservative Party conference, Perth. Mr. Roy Hattersley is guest speaker at American Chamber of Commerce luncheon, Savoy Hotel, engagements, Manchester.

## AN OFFER FROM M&G AMERICA

### M&G AMERICAN & GENERAL FUND

The M&G American & General Fund is designed to invest in a wide range of American securities, with maximum long-term growth as the main objective. Investment is partially through back-to-back loan facilities in order to reduce the effects of the dollar premium. The estimated gross current yield for income units is 1.03% at the buying price of 51.7p on 3rd May, 1978.

Unit Trusts are a long-term investment and not suitable for money that you may need at short notice. The price of units and the income from them may go down as well as up.

Prices and yields appear in the FT daily. An initial charge of 3.4% is included in the price; an annual charge of 4% plus VAT is deducted from the Fund's gross income. Distributions for income units are made on 20th September and 20th March net of basic rate tax and are reinvested for Accumulation units to increase the value of the units. The next distribution date for new investors will be 20th September, 1978. You can buy or sell units on any business day. Contracts for purchases or sales will be due for settlement 2 or 3 weeks later. 1.4% commission is payable to accredited agents. Trustee: Lloyds Bank Limited. The Fund is a wider-range security and is authorised by the Secretary of State for Trade.

M&G is a member of the Unit Trust Association.

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As an alternative, or in addition to investing a capital sum, you can start a Regular Monthly Saving Plan through a life assurance policy for as little as £12 a month. You are normally entitled to claim tax relief at current rates of £17 for each £100 paid.

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If you cash in or stop your payments during the first four years there is a penalty, and the tax authorities require us to make a deduction, so you should not consider the Plan for less than five years. 81% to 94% (depending on your starting age) is invested, except in the first two years when an additional 20 per cent is retained to meet setting-up expenses. M&G is a member of the Life Offices' Association. This offer is not available to residents of the Republic of Ireland.

—an American fund is the place to be if you want to see really spectacular results  
DAILY TELEGRAPH 7.178  
The big potential growth sector remains the American market...  
SUNDAY TIMES 15.178

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**EITHER £1,000** Complete this section to make a Capital Investment (minimum £1,000). Do not send any money. (A contract note will be sent to you stating exactly how much you owe and the settlement date. Your certificate will follow shortly.)

**PLEASE INVEST £** in ACCUMULATION/INCOME units (delete as applicable or Accumulation units will be issued) of the M&G American & General Fund at the price ruling on receipt of this application.

I declare that I am not resident outside the United Kingdom, the Channel Islands, the Isle of Man or Gibraltar, and I am not acquiring the units as the nominee of any person resident outside these territories. (If you are unable to make this declaration you should apply through a bank or stockbroker.)

SIGNATURE DATE

**OR £12** Complete this section if you wish to make a Regular Monthly Saving (minimum £12 a month).

I WISH TO SAVE £ each month in the M&G American & General Fund. I enclose my cheque for the first monthly payment, made payable to M&G Trust (Assurance) Limited.

I understand that this payment is only provisional and that the company will not assume risk until formal notification of acceptance has been issued.

OCCUPATION DATE OF BIRTH

NAME AND ADDRESS OF USUAL DOCTOR (to whom reference may be made)

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If you cannot sign Part I of the Declaration below, delete it and sign Part II. Declaration PART II: I declare that, to the best of my belief, I am in good health and free from disease, that I have not had any serious illness or major operation, that I do not engage in any hazardous sports or pursuits, that I do not engage in aviation except as a fare-paying passenger on recognised routes, and that no proposal on my life has ever been adversely treated.

This proposal shall be the basis of the contract between me and M&G Trust (Assurance) Ltd., and that I will accept their customary form of policy. I agree to provide any further information the company may require. (A specimen of the policy form is available on request.)

SIGNATURE DATE

Registered in England No. 1048359. Reg. Office as above.

**THE M&G GROUP**







## SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and mergers

A spirited defence has been mounted by the three independent SUTS directors who are opposing Lounho's takeover bid. The document setting out their views argues that Lounho's recent acquisitions have no apparent connection other than the fact that they were available; also deplored is the fact that Lounho's offer document contained no up-to-date borrowings or profits information. The three consider that the offer—11 Lounho shares for every six SUTS—is too low and should have contained a cash element. The defence document was published 24 hours after Sir Hugh Fraser, deputy chairman of SUTS, had said he would resign from the Board if the offer from Lounho failed.

An increased offer from Hepworth Ceramic has been accepted by the Board of Johnson-Richards Tiles. The new terms are one Ordinary share of Hepworth plus 58p cash for each share of Johnson-Richards, the cash element having been raised from the original 50p. The increased offer was made following an upgrading of Johnson-Richards' estimated pre-tax profits for the year to March 31 last. Hepworth's offer for the Preference shares remains at 70p per share cash.

A bid from Falkland Lawson of 40p cash per share, which values Scott and Robertson at around £2m, has been rejected by the latter's directors. The approach, which was made on February 24, was conditional upon the directors recommending acceptance.

Dealings in the shares of loss-making Costumeage Manufacturing were suspended on Wednesday following the announcement of an approach which could lead to an offer. Last January,

Mr. Michael Ashcroft and Mr. Allan Cloggie acquired 20 per cent. of Customage through companies in which they had interests. They became deputy chairman and managing director respectively.

Brooke Bond Liebig has extended its worldwide commodity activities by acquiring Wallace Brothers Commodities from Wallace Brothers (Holdings), a subsidiary of Standard and Chartered Bank, for £5m cash. Standard and Chartered wanted to sell the commodity broking company as part of the reorganisation of the holding company which became part of Standard and Chartered in 1976.

An unidentified group has made a bid for the 72 per cent. controlling interests in Canadian Vickers held by Vickers of the U.K. This is the second approach this year and the bidders in both cases are believed to be identical and Canadian.

Company bid for	Value of bid per share**	Market price**	Price Value bid (Em's)**	Bidder	Final Acc't's date	
Prices in pence unless otherwise indicated.						
Malayan (Malio- cassins)	52 <sup>3</sup>	52	48	1.5	Allied Industries	24/5
Carlton Inds.	165 <sup>3</sup>	185	170	22.7	Bwkr. Sidelley	—
Cray Electronics	26 <sup>3</sup>	24	87	2.65	Specy Invests.	—
Geodong Inds.	153 <sup>3</sup>	158	125	0.55	Plants.	—
James-Richards (H. & R.) Tiles	186 <sup>3</sup>	129	118 <sup>3</sup>	23.7	Hepworth Ceramic	10/5
KCA Intl.	26 <sup>3</sup>	28 <sup>3</sup>	28	7.7	Mt. T. Ward	—
Local Aust. Inv.	149 <sup>3</sup>	132	123	11.2	Colonial Mutual	12/5
Lond. & Liverpool Trust	21 <sup>3</sup>	22 <sup>3</sup>	19	0.23	Archheim Secs. & E. & A. A. Zug	—
Mills Estates	25 <sup>3</sup>	29	21	0.88	Blue Inds.	—
Nuber Marston	200 <sup>3</sup>	186	153	4.23	Wattson AB	—
Randall (J. & L.)	114 <sup>3</sup>	112	69	12.27	Lehrass	—
Reynolds (W. J.)	45 <sup>3</sup>	44	44 <sup>3</sup>	1.75	Debrane	—

\* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. Date on which scheme is expected to become operative. \*\* Shares and cash. †† At suspension. ‡‡ Estimated. §§ Shares and cash.

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (1977)	Interim dividends per share (p)
A. Aronson	Jan. 31	278	(161)
British Sugar	Mar. 13	7,678	(7,175)
J. A. Devine	Mar. 17	186	(207)
Hawkins & Tipson	Feb. 28	522	(520)
L. & P. (U.K.)	Dec. 31	221	(1,181)
Nail & Cornwell	Mar. 31	28,274	(31,118)
Sammell Osborn	Mar. 31	1,008	(1,320)
Serck	Mar. 31	2,860	(4,400)
United Wire	Apr. 1	642	(800)

(Figures in parentheses are for corresponding period.) Dividends shown net except where otherwise stated.

\* Adjusted for any intervening scrip issue. † For 52 weeks. ‡ For 53 weeks. § For 15 months. ¶ For 12 months. L. Loss.

## Scrip Issues

R. and J. Quick: One-for-one.  
H. and J. Quick: One Preference for 11 Ordinary.  
Marks and Spencer: One-for-one.  
Vernon Fashion Group: One-for-one.

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (1977)	Earnings* per share (p)	Dividends* per share (p)
Aberdeen Constn.	Dec. 31	3,945	(4,527)	22.2
Bamford	Dec. 31	978	(760)	12.8
Boustead	Dec. 31	1,880	(1,550)	12.8
Bremner	Dec. 31	168	(583)	4.1
BRS	Apr. 1	27,022	(25,498)	12.4
Clement Clarke	Dec. 31	879	(1,882)	8.5
Davies & Newman	Dec. 31	802	(1,882)	6.9
Dennis Surgical	Dec. 31	577	(581)	4.0
Elbar Indl.	Dec. 31	2,673	(967)	30.4
El Oro Mining	Dec. 31	544	(437)	6.5
Exploration Co.	Dec. 31	703	(560)	5.1
Feb Int.	Dec. 31	321	(243)	3.2
Feeder	Dec. 31	821	(927)	3.3
Grovehill	Nov. 30	108	(70)	1.4
W. G. Harrison	Dec. 31	1,323	(2,505)	8.7
Hawthorn Leslie	Dec. 31	2,315	(1,104)	15.7
John Laing	Dec. 31	735	(541)	1.2
Laporte Inds.	June 30	781	(315)	1.1
Marks & Spencer	Mar. 31	21,067	(16,250)	15.8
Marshall's Unvsl.	Dec. 31	10,245	(15,245)	12.2
Mettoy	Dec. 31	117,015	(102,445)	9.9
Midway	Dec. 31	3,336	(2,808)	30.4
Nissan	Dec. 31	2,817	(2,428)	14.7
Northcote	Jan. 28	1,181	(1,181)	10.3
Nordin & Peacock	Mar. 31	13,811	(11,940)	10.2
Photax (Ldn.)	Dec. 31	4,865	(4,057)	16.9
P. O. Stearns	Dec. 31	222	(302)	5.2
Robertson	Dec. 31	42,770	(31,120)	20.1
Roberts Adlard	Jan. 31	1,277	(1,130)	21.2
R. J. Salway	Mar. 31	552	(849)	11.6
Scott & Robinson	Mar. 31	27,882	(26,152)	23.3
Sears Roebuck	Dec. 31	322	(788)	10.3
UDS Group	Jan. 31	65,311	(42,488)	6.2
Vernon Fashion	Jan. 28	1,230	(615)	23.6
Wadham Stringer	Dec. 31	4,353	(2,548)	6.0
W. Williams	Dec. 31	216	(183)	5.2
George Willis	Dec. 31	987	(425)	10.1

## Jas. Neill on target at £3.75m.

IN LINE with the estimate made at the time of the rights issue in January, profits before tax of James Neill Holdings increased from £2.08m. to £3.75m. in 1977.

With Treasury consent, in the context of the rights issue, the dividend total is stepped up by 20 per cent. from 4.50p to 5.50p net, with a final of 3.64p on the higher capital as promised. A total of 6.53p has already been indicated for the current year.

Turnover increased from £33.03m. to £42.14m. with home sales up from £16.32m. to £22.09m. Export sales other than to overseas group companies rose from £9.79m. to £13.8m. and sales by the overseas companies went up from £8.53m. to £7.24m.

Commenting on the results Mr. J. Hugh Neill, chairman, says that, although, according to the Federation of British Hand Tool Manufacturers' total sales by U.K. manufacturers in 1977 fell by more than 2 per cent. in real terms, in these depressed market conditions the group achieved a significant and encouraging increase in sales volume.

Plans for further expansion and the 25.8m. rights issue have provided the necessary capital to finance it. Capital expenditure was down from £1.4m. to £1.2m. in 1977 but in the next 18 months the group plans to spend £4.5m.

Sales by the U.K. companies increased by one-third with 40 per cent. being to export markets. This represents a significant increase in volume which led to a 62 per cent. improvement in their trading profits.

Sales and profits of the overseas marketing companies were adversely affected by the strengthening of sterling. The South African manufacturing company did better in 1977 but the Brazilian company still faced problems arising from commissioning delays.

The group balance attributable to Ordinary holders comes through at £2.8m. against £1.7m. giving earnings per 50p share of 21.3p (10.9p).

Depreciation charged on buildings, plant and machinery, valued at current replacement cost, was some £580,000 higher than it would have been if based on historical cost.

Stock and work in progress increased by 9 per cent. to £20.51m. and debtors rose by

36 per cent. to £10.76m. reflecting the sales increase. Borrowed capital increased by 5 per cent. to £14.63m. Since the year end the rights issue has increased shareholders' funds and borrowings have fallen accordingly.

The group's business is that of tool manufacturing and general engineering, etc.

## Higsons first half standstill

Little change in taxable profits, with a figure of £245,069 against £244,246, is reported by Higsons Brewery for the six months to March 31, 1978. Turnover for the period advanced from £28.53m. to £29.63m.

Earnings per 25p share are stated at 3.15p (adjusted 3.00p) and the interim dividend is effectively lifted from 0.37p to 0.4p net; last year's total was equivalent to 2.25p from profits of £1.1m.

The half year profit includes bank interest of £19,757 (£28,042) and investment income of £25,301 (£26,534), but is after a loss of £5,316 (£4,553) profit on sale of investment property. Tax took £248,000 (£239,000).

## Relyon

THE CURRENT year at Relyon PFWS has opened well, albeit with some disruption following severe snow in February, Mr. H. Brockenshaw, the chairman, says in his annual statement.

As always the company's performance must be influenced by the state of the economy, he says.

A new company, Brendon Designs, formed late in 1977 to manufacture upholstered products

has been receiving orders at an encouraging rate. Plastic division turnover has also been maintained at the higher levels of 1977 and for the group as a whole the chairman expects to at least maintain the progress achieved in the past.

Pre-tax profit last year climbed from £1.15m. to £1.29m. Meeting, Wellington, Somerset, on June 2, at noon.

Meeting, Pakenham Park, Nr. Meriden, Warwickshire on May 25 at 3 p.m.

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## BIDS AND DEALS

## S. &amp; W. Berisford acquisition

S. and W. Berisford, the commodity broker and food supplier, has acquired S. Daniel & Co. for £2.5m. in cash and shares.

Daniel manufactures perfume compounds, food flavourings, aromatic chemicals and resins. It also distils essential oils and imports and exports botanicals, gums and balsams.

Daniel exports four-fifths of its turnover and has overseas contacts which Berisford hopes will benefit its existing suppliers of food raw materials such as pepper and spices.

Berisford has many U.K. customers who might be persuaded to take Daniel's products.

Berisford is also attracted by the high margins in Daniel's business. "It is a nice area to be in," said Mr. N. G. Hanson, Berisford's finance director.

The purchase, which is effective from April 6, 1977, was paid for with 1,328,740 shares and £362,500 cash.

Daniel made pre-tax profits of £438,000 in the year to April 5, 1977 when its net tangible assets were £1.6m.

VANTONA, the textile company, has increased its stake in Sekers International by 10 per cent.

Peat Group acquired 285,000 shares between April 18 and 28 and now has an interest in 448,818 shares.

Cooper Industries — G. R. Maddox and D. Pennell, trustee for the settlement for the children of J. C. Cooper, have acquired 18,000 shares (0.05 per cent.).

Peat Group — R. T. Atkinson, director, on April 28 held 418,285 Ordinary shares — a 7 per cent. stake in the company.

M. and G. Assurance Group — M. and G. Assurance Group on April 25 acquired 190,100 shares (5.4 per cent.). These shares will be registered in name of M. and G. Group (London Street) Nominees F.A.C.

Sabah Timber — H. R. Kibblewhite bought 2,800 shares — total holding is therefore 7,900.

Debenhams — London and Manchester Assurance Company holds 58,000 Cumulative "B" Preference shares (9.05 per cent.).

John I. Jacobs and Co. — London Trust Company has beneficial interest in 1,200,000 shares (3.2 per cent.) following recent purchase of 50,000.

M. Mole and Son — J. E. M. Lawson, director, has acquired 17,000 shares. Gilmore, director, has acquired 15,500 shares. Lawsons (Whitstone) Ltd. has acquired 15,000 shares.

Francis Industries — Singer and Friedlander has become beneficial owner of 100,500 shares. These shares should be aggregated with the 910,418 shares in which West City Securities, a subsidiary of Singer, has a beneficial interest.

Whitaker — Total interest 1,010,918 shares (13.94 per cent.). At same time Singer has notified that 100,500 shares have been disposed of thus returning group shares to 100,500 shares. These figures previously declared 910,418 shares (12.55 per cent.).

Leitner International — J. G. Soper, director, has exercised his option under the option scheme in respect of 30,000 shares at 70p.

Assau Frontier Tea Holdings — Assau Investments has acquired a further £10,000 Ordinary stock increasing holding to 286,000 (8.14 per cent.).

Reed Executive — M. J. Whitaker, director, sold on April 26 14,400 shares, leaving holding at 64,400.

Mears Brothers Holdings — R. E. Mears sold 50,000 shares at 22p and resigned as a director on April 27. He is 68.

Arbuthnot Latham Holdings — London Trust Company has bought 40,000 shares increasing holding to 380,000 (5.68 per cent.).

A. G. Stanley Holdings — Mrs. E. Stanley has recently sold 50,000 shares at 18p reducing her holding to 42 per cent.

Landay and Williams — Notified by Mr. Peter Bennett of Security Growth that they have voting control over 103,000 Ordinary shares (9.90 per cent.).

Epilene Holdings — B. B. B. director, sold on April 28, 30,000 shares at 12p and 33,964 at 12p.

Kleeneze Holdings — Barclays Nominees Mining group on April 28 held 170,177 shares (8.25 per cent.).

Francis Industries — West City Securities has sold 40,000 shares reducing holding to 870,418 shares (12 per cent.).

Thomas Marshall and Co. (India) Industries holds 175,000 Ordinary shares (14.58 per cent.) and £20,500 "A" Ordinary shares (5.075 per cent.).

MICRO CASSETTE TAPE RECORDER £25.50 + 50p per hr. Personal Dictation Machine. Built-in m.f.c. AC adaptor. Facility. 1 1/2 x 2 1/2 x 1 1/2 in. 30 min. free tape. 100% money back. Ten for £199. PO payable Ronsdale Kestrel A/C. Access Cardholders: Tel. 01-400-4000. RONSDALE LTD. (FT). 1-2 Hanover St. London W1.

Meeting, Pakenham Park, Nr. Meriden, Warwickshire on May 25 at 3 p.m.

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## HIGSONS BREWERY LIMITED

INTERIM STATEMENT  
Unaudited accounts of HIGSONS BREWERY LIMITED for the 26 weeks ended 31st March 1978 are announced as follows:

	26 weeks to 31.3.78	26 weeks to 1.4.77	52 weeks to 30.9.77
Turnover (external sales excluding VAT)	9,628,606	8,553,444	18,087,000
Trading Profit	625,324	579,939	1,698,609
Bank Interest	19,757	23,042	46,138
Investment Income	25,301	26,634	48,896
Profit/(loss) on Sales of Investments and property	(5,316)	4,633	28,233
Group Profit before Tax	665,066	634,248	1,821,876
Less Corporation Tax @ 52%	346,000	330,000	931,000
Group Profit after Tax	319,066	304,248	890,876
Earnings per Ordinary Stock Unit	3.15p	3.005p	8.80p



## WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

## Up 4.68 despite adverse news

BY OUR WALL STREET CORRESPONDENT

PRICES CLOSED mostly higher on Wall Street today, but some unfavourable economic news was eroding prices towards the close. After advancing nearly 9 points, the Dow Jones Industrial Average finished 4.68 up at 250.00, reducing its loss on the week to 8.23. The NYSE All Common Index, at \$53.97, gained 37 cents on the day and a net 7 cents on the week, while rises led falls by 987-to-500. Trading volume expanded 3.16m. shares to 42.68m.

The market surged ahead in early trading despite the report after Thursday's close of a steep rise in Business Bank-Loan demand and a new expansion of the money supply. The reports suggest that the Federal Reserve will raise its discount rate. Other interest rates have recently been gaining on Federal Reserve credit-tightening to control inflation.

On Thursday, the Government reported that Wholesale Prices of Finished Goods moved up an adjusted 1.3 per cent last month.

**FRIDAY'S ACTIVE STOCKS**

Stocks Closing on week	Change
Am. Airmail	+1.00
Am. Airmail	+1.00
Am. Airmail	+1.00
Am. Airmail	+1.00
Am. Airmail	+1.00
Am. Airmail	+1.00
Am. Airmail	+1.00
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**INDICES**

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NYSE All Common	53.97	53.60	53.53	53.46	53.39	53.32	53.32	53.32	53.32	53.32
Transport	224.78	222.50	222.24	221.98	221.72	221.46	221.46	221.46	221.46	221.46
Utilities	106.58	106.01	105.12	104.23	103.34	102.45	102.45	102.45	102.45	102.45

**NEW YORK - DOW JONES**

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## FINANCIAL TIMES SURVEY

Saturday May 6 1978

## Building Societies

After two centuries of quietly encouraging savings and fostering home ownership the building societies are facing one of the most crucial periods in their history. There is growing debate about their role in society and the path they should follow.

THE BUILDING societies can, despite their unprecedented success, be forgiven for feeling uncertain about themselves and about the direction in which they are heading.

Recent events have meant that their attention has been wrenched away from the more traditional problems associated with their business and turned towards an urgent reappraisal of their role in the country's financial system and the way in which they can now expect to develop.

There is no atmosphere of crisis among the societies, rather a feeling that the sort of decisions which they now face on a range of matters affecting their operations will be crucial in terms of their future development. They should therefore be given more and deeper consideration than any which have gone before.

It is tempting to suggest that the societies really are at or approaching the crossroads after a 200-year journey which has so far taken them along a straight and fairly trouble-free road. They are constantly aware that such is their present size and their consequent importance—they control assets of £34bn, compared with the clearing banks' sterling deposits of £28bn—that decisions will be taken for them unless they take them first.

The whole question of self-determination is in itself perhaps the biggest problem the societies face and concern about the growing level of intervention in their affairs has reached a new peak. Influential opinion within the movement is deeply divided about the best way to react to the new situation.

Just two recent events have

served to focus attention on some of the problems which must now be confronted. Both were unpredictable and unwelcome and together they have served in some respects to jolt the building society movement out of the quite understandable sense of well-being which has recently surrounded its affairs.

The first came in the form of direct intervention in the societies' lending policies on the part of the Government, which took them by surprise and which did little to improve relationships between the two sides. In as much as Government officials have for some time been a party to decisions on matters such as lending programmes, intervention is in itself nothing new but the latest incident perhaps underlined the extent to which the societies are already in danger of losing the right to decide their own affairs.

Despite an agreement at the beginning of 1978 which set the societies' lending for the first half of the year at a level designed to avoid any rapid rise in house prices, officials informed the movement in February that its lending would have to be cut back.

## Reasoning

If the societies could accept the intervention itself, they found it extremely hard to accept the Government's reasoning for such a move. The official line—how closely Ministers themselves were actually involved still remains uncertain—was that house prices at the beginning of 1978 had started to rocket at a rate which brought back memories of 1972-73 and that the only solution was to stem the supply

of mortgage finance.

The statistics on which the call for lending cuts was based were regarded by the Societies as highly unreliable and unrepresentative of the general situation. They also warned that to tamper with the market could well store up rather than solve any problems on the pricing front. Subsequent statistics appear to have borne out the societies' suspicions that the

cess in which their independence—until now miraculously kept comparatively intact—would be rapidly curtailed.

On the question of mortgage restrictions, the societies could have—some believed they should have—told officials to go away and learn a bit more about the housing market before attempting to influence it in such an amateurish way. The

because of fears over growing controls the movement will be actively participating in, rather than minimising, the dissipation of its own right to effective self-determination.

The debate may well be not have been worse. With simply about the manner in which the societies succumb, for increasing pressure for changes they have become a major force in their operations—particularly on many fronts and few of the industry's leaders believe it reasonable to expect that out-

which seems likely to have far reaching repercussions for the whole movement.

Such an event would hardly be welcomed in any circumstances, but its timing could not have been worse. With the societies coming under increasing pressure for changes in their operations—particularly in the clearing banks, industry's leaders believe it reasonable to expect that out-

those with a special interest in their every move.

From the Grays affair itself, the societies have emerged quite well. But despite the immediate reassurances that investors affected would not lose their money, the societies have so far been unable to hand out those funds.

Immense legal problems remain to be sorted out while the official inquiry into the collapse continues. The societies are making arrangements among themselves to cover the near-£7m loss, although the investors will have to wait some time yet for their money.

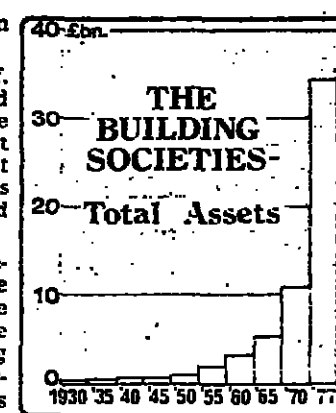
The societies' readiness to guarantee people's investments is laudable, though necessary if membership of the Building Societies Association is to mean anything; the societies' inability to pay up at once is very regrettable.

The affair has inevitably sparked off moves to establish a compensation fund to cope with any similar incidents in future, although these have provoked differing reactions within the movement. Calls for more effective regulation have also followed.

## Reluctant

But some of the largest societies are apparently reluctant to set aside funds—with contributions formulated on an asset-ratio basis their liability will be greater—to cover the weaknesses of any smaller and badly-run operations which stumble.

Many executives want to see a rapid contraction in the number of small societies and it is a view shared in other quarters, not least by the Chief Registrar



of Friendly Societies, who said after the Grays affair that more mergers were necessary.

The small societies themselves claim they are carrying out an invaluable task and should be allowed to get on with it. The largest regard them in many respects as a millstone around their necks which have an unequal influence on their policy decisions—particularly in the field of interest rates—and which also occasionally damage the movement's image by way of a spectacular collapse.

But more important, the Grays affair will serve to highlight a few more chinks in the societies' protective armour and provide evidence for those who believe that more effective regulation is necessary. There are already suggestions that the Bank of England should have a major influence over the societies' development.

Whichever way events progress, the societies seem set to spend a growing amount of time in looking over their shoulder as they attempt to improve the level of service to investors and borrowers alike.

## Way ahead less clear

This Survey was written by Michael Cassell

general situation had not become as serious as some had suspected.

The societies were certainly anxious to prevent a major spiralling of house prices but they simply did not believe that this was about to happen. The fact remains, however, that they went ahead and complied with a "request" which most believed was ill-founded and which represented an entirely unnecessary panic measure.

Their decision to comply and to introduce an artificial mortgage shortage which they believed to be wrong illustrates well enough the dilemma in which the societies find themselves. They believe that a major confrontation with the authorities over any aspect of their operations or of their policies could trigger off a pro-

price, however, for such a fear-  
less stance could have been a high one, with the societies' rebuff forming the catalyst for a series of legislative measures designed to clip their wings.

How justified their fears are on this front remains uncertain, although they believe they have received sufficient hints to leave them in little doubt that much tighter supervision, policy control or less equitable taxation treatment might follow any decision which flew in the face of government thinking.

Until now the "doves" in the movement have won the day whenever potentially explosive matters like the restriction on loans have arisen. But the point being made with some force by others within the societies is that by repeatedly bowing to government pressure

side interest in their affairs attracting deposits—the Grays affair could not have done them a greater disservice.

Apart from their success in relation to the clearing banks, the societies are now three times greater than the National Savings movement, they have become a significant force in the gilt-edged market and are among the most important lenders to local authorities. They provide housing finance for over 700,000 people a year and lending in 1978 could reach a staggering £8bn. Branch development still mushrooms and record asset growth rates are breached with inevitability.

To achieve all this and to maintain a low profile is asking too much.

The second incident to throw the societies' problems into the relief was the collapse of the Grays Building Society, a major catastrophe in itself and one

penetrating surveillance of building society operations in general than of banks, but the relief was the collapse of the incident, will do nothing to remove the societies from the catastrophe in itself and one

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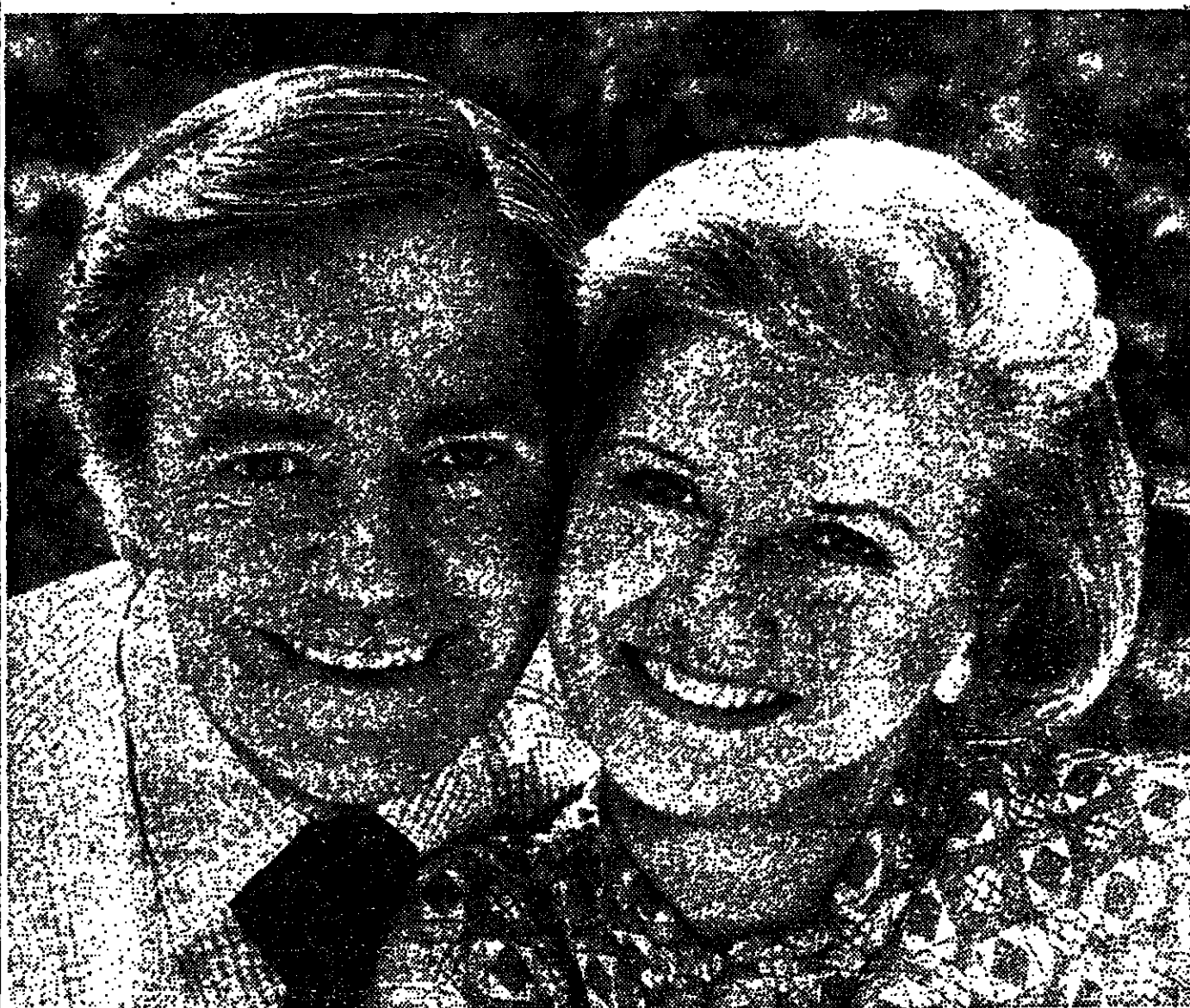
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## BUILDING SOCIETIES II

# Pressure on interest rates

MOST OF the news on the building society interest rate front in the past 12 months has been good for the borrower and bad for the investor.

The building societies went into 1977 having to operate the highest interest rate structure ever. High interest rates throughout the economy had undermined their competitive position to the point where they could not hope to attract anything like enough funds to meet their planned level of mortgage lending.

The societies held their breath and hoisted the rate on home loans from 10 1/2 per cent. while offering their investors a best-ever 12 per cent. gross. The anticipated outcry from the hard-pressed borrowing public never materialised and demand for loans—apparently at any price—remained as high as ever.

Within a few months, interest rates began to slide and in April 1977 the societies made the first of four reductions from the crisis level forced on them six months earlier.

### Receipts

By the last quarter of 1977, with interest rates still to fall a little further, the societies were proving spectacularly successful in drawing in funds. Net receipts in September, October and November alone reached £1.6bn. against less than £500m in the first three months of the year.

The movement therefore entered 1978 in an optimistic mood. A drop in net receipts recorded in January did nothing to change the societies' views on the outlook, explaining as they did that one reason for the fall was that people were having to find the money to finance Christmas expenditure undertaken with the use of credit cards. It also seemed likely that the switching over of other investments into the societies, partly responsible for the high level of receipts towards the end of the year, had finally stopped.

The January figure, they pointed out, was still a high one for net receipts—four times greater than a year before—and

receipts of the order of £400m. a month (as in January) would be quite acceptable.

In February, the Building Societies Association commented on the interest rate situation: "The outlook for building society savings remains very optimistic. Predicting interest rates is notoriously difficult but in the immediate future there is no reason to expect any sharp increase in the general level of interest rates and even with the reduction in the building society share rate announced in January, societies remain very competitive."

"Net receipts on present trends seem likely to average over £400m. a month and this is adequate to maintain current lending programmes as well as to allow liquid reserves to be built up."

On most accounts, the Association was correct. But the societies' experiences with receipts have not recently been living up to expectations.

The January net receipts total of just under £400m. fell to £333m. in the following month and by March had dropped to only £308m., the lowest monthly figure recorded for eight months. The reduction is largely explained by a fairly significant increase in withdrawals by investors which, in March, reached an all-time record of £990m. Net receipts of smaller amounts of money continued to do very well, probably in response to the increasing savings ratio and also, the societies suggest, to the aggressive advertising campaigns which societies have been conducting in the recent past.

In the medium-term future, the outlook therefore for the inflow of funds looks a little less certain than it did at the start of the year. As the summer months approach the societies in any case expect a dip in receipts as withdrawals are made to finance holidays. The recent increase in Minimum Lending Rate—there is market speculation about further rises in short-term interest rates—and a new issue of National Savings Certificates, will serve to reduce the societies' competitive position and further reductions

movement's ability to stabilise, as much as possible, its mortgage lending programme. Critics of the societies—as highlighted in last year's generally well received Green Paper on housing policy—say that the societies' reluctance to alter interest rates either substantially or frequently, combined with volatile interest rates in the economy as a whole, have in the past led to wild fluctuations in the movement's receipts and, hence, in the volume of lending.

The societies have pointed out that the instability of national finances is the root cause of their own varying experiences and that it would be impossible for any financial institution to steer a steady course on what can be a very rough sea.

It has been argued on many occasions that the societies should move their rates far more quickly, like the banks. The movement says the comparison is not appropriate because while it is relatively easy for the banks to alter the rate of interest on overdrafts at almost no notice because of the comparatively minimal impact of such a move, any increase in the cost of borrowing for people with home loans can have a major impact on family budgets.

The societies believe that neither investors nor borrowers wish to see interest rates changed as rapidly as the rates of many other institutions and say that if they did attempt to keep up with every interest rate adjustment in the economy, their customers would object.

In any case, say the societies, their record of maintaining a fairly stable level of interest rates is quite a good one, as is their actual mortgage advance programme. Perhaps though, the societies' greatest effort towards establishing a more stable operating background has been in the

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form of term-shares, extending society executives are yet to be convinced that the term share should play anything other than a marginal role in their fund-raising policies, principally because they are simply more expensive and begin to reduce the strength of the societies' to competing forces in the claims concerning easy withdrawal of money.

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## Role in urban renewal

URBAN RENEWAL has become the central platform on which many current housing policies have now been firmly based. After years of neglect the task of saving large areas of fundamentally sound but old houses in inner city areas and complementing them where necessary with new ones is an immense one, as Ernest Armstrong, Parliamentary Under-Secretary of State at the Department of the Environment, reminded everyone a few days ago.

Mr. Armstrong was announcing the Government's intention to legislate to introduce a more flexible approach to the use of improvement grants—an essential factor in the drive to encourage the revitalisation of the existing housing stock and a decision which conforms to the recent change of emphasis in housing policy.

### Mixed

It is now generally recognised that if the urban renewal programme is to work, then the building societies will have to play their part, but this relatively new aspect of their operations is one which is regarded within the movement with mixed feelings. Some believe that the societies must face up to the implications of extending owner occupation into further strata of the population and that they are to some extent morally committed to help out because of their self-professed social role.

Others feel the movement should confine its efforts to its traditional area of operation and allow "other agencies" to tackle the problem of old and unfit housing. There are fewer reservations about financing the purchase of new homes in inner city development areas.

But despite their doubts the societies have recently found themselves being drawn into the overall attack on inner city decay via the somewhat controversial support lending scheme. It was introduced in the autumn of 1975 and societies undertook to consider assisting mortgage applicants referred to them by local authorities which no longer had the cash available to arrange home loans themselves.

The local authorities' role in providing mortgages was seriously undermined when public expenditure cuts virtually removed their budget for this type of operation. The societies were regarded as the obvious alternative and asked by the Government to "fill the gap."

There was without doubt reluctance on the part of many societies to enter an area which

had been studiously—and often wisely—avoided in the past, such were the additional risks involved, principally the very nature of much of the housing involved and because of the financial status of many of the applicants. The societies were not too keen on standing in for local authorities which were by definition lenders of last resort. Ministers persisted, however, and although the movement as a whole dragged its feet over becoming too deeply involved in an area of which it remained

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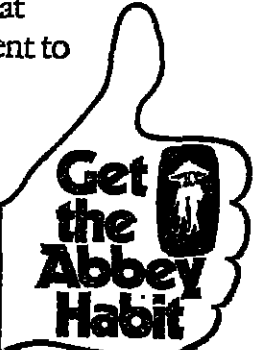
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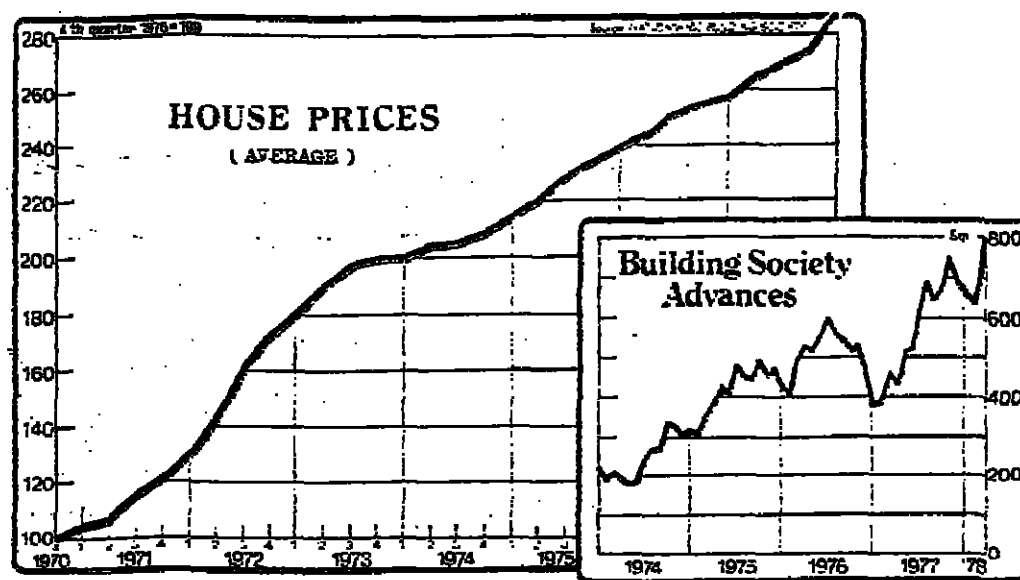
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BUILDING SOCIETIES III

# House prices look restive again



## Renewal

CONTINUED FROM PREVIOUS PAGE

deeply suspicious; the so-called support lending scheme has been formalised and expanded. In the current year the societies have agreed to lend about £300m. in this way in England, Wales and Scotland. With total advances for the movement now running at an annual rate of something approaching £8bn, the societies' contribution is clearly a limited one and there is criticism that even the agreed targets are not being met.

There remain critics, however, who do not believe that the societies are wholeheartedly behind the support arrangements and suspect that they continue to have a fairly rigid and less than helpful approach in this important area.

As a result of such criticism the Government recently managed to win the societies' agreement for the establishment of an appeals procedure under which any applicant dissatisfied with his treatment at the hands of a society can have his case reviewed. Its formation would seem to be yet another case of the societies agreeing to some-

thing, which they believe to be rather pointless in practice, for the sake of avoiding any confrontation.

The support lending scheme is not of course exclusively concerned with the question of urban renewal and the injection of new life into inner city areas, though much of its application will inevitably be channelled in that direction.

The societies can make a wider contribution in the campaign to revitalise the country's run-down urban centres and the key to success in this area must lie in closer co-operation with the local authorities concerned.

Co-operation between the two is not new, although some of the earlier attempts to introduce more positive relationships—the mortgage guarantee scheme of 1958 for example—have never proved to be particularly successful.

The housing policy review, however, also had things to say about relationships between the two sides, calling first and foremost for much closer working arrangements. "In addition to contemplating building society lending, local authorities must keep societies fully informed of the development of their local housing strategies in general and of their plans for specific areas in particular. This will give societies a sounder basis for assessing older properties as security for loans," it said.

The review continued: "Such co-operation should help to ensure increased lending on houses which are old or in a poor state of repair. It should also help to reduce 'red lining'—the withdrawal by societies of mortgage lending from declining areas at present seen as poor security for their funds and perhaps as poor investments for the house buyers themselves.

"Building societies and local authorities, by working together at the local level, can assist in revitalising older urban areas including inner city areas. The expansion of home ownership in these areas will help retain younger people and encourage skilled people to come back."

There is no doubt that more co-operation is essential and that in the past the record of many local authorities in being able to provide details of proposed housing programmes—in which the societies can have their local lending policies—has left a great deal to be desired.

The way in which progress can be achieved, given a fully integrated approach involving both sides, is being demonstrated now, for example, in Leicester, where the local authority's decision to work out a renewal strategy programme and to enlist the help of the Leicester Building Society to make mortgage finance available is having a marked effect on large areas of the city.

centre.

Mr. Basil Eckhardt, chief general manager of the Leicester, puts it quite bluntly: "Before the renewal strategy we were reluctant to lend on normal terms in parts of the city because of planning blight. The Council's clear statement of intent changed everything. The element of uncertainty has gone and we are making large volumes of money available as our contribution towards revitalising what in many cases have become run down, undesirable areas."

"Planning together" is a theme which is clearly catching on among the societies and the authorities. Mr. Alan Mason of the Provincial says there is much more building societies can do to help. They must of necessity, he points out, be wary of lending money in areas requiring general improvement before the whole scheme is complete.

If the authorities and societies therefore worked together and kept each other fully informed of developments, the societies could have mortgage money ready and waiting for buyers of refurbished properties or for existing owners for improvements, once each scheme was completed. In this way, urban renewal could be made substantially self-financing. Authorities, however, are only allowed to spend on improvement if costs will be covered by revenue in that year—even though the joint approach policy would guarantee revenue on completion. The Provincial wants this "accounting restriction" removed.

Mr. Leonard Williams of the Nationwide summed up the latest thinking at a recent Building Societies Association conference: "The time has come for more positive and highly developed co-operation between local authorities and societies in order to avoid wasted investment in housing. With housing need being essentially a matter for local assessment and solution, it will be only through co-operation at local level that the nation will get the best use out of its existing housing stock and that new building, private and public, will match the demand and the need which exist."

The housing policy review has pointed the way towards much closer co-operation through the comprehensive assessment of local housing requirements—the so-called local housing strategies—which councils will need to prepare as the basis for their investment programmes.

THE PROBLEM of house prices is once again a major topic for consideration and conversation among politicians, building societies, housebuilders and the man in the street.

After four years of stable prices, the private housing market—or at least parts of it—has recently been performing in the manner of an animal held on a tight leash for just a little too long. Whether it should be restrained or allowed to have its quick fling is the question to which there are apparently several different answers.

The first signs that the market was about to perform at a somewhat more lively rate than had been seen since the last period of spiralling prices in 1972-73 came in the closing months of 1977.

A higher rate of price rises was in any case fairly predictable, though the rate at which it took effect was surprising. With the market having licked its wounds at length and recovered from the chaos of four years before, prices had again become low in relation to earnings, real incomes were rising for the first time in several years and consumer confidence—that all-important ingredient—was again on the increase.

### Falling

In addition, the mortgage rate was still falling steadily from its record 12½ per cent. level reached in October 1976, increasing overall demand for owner occupation even further, as well as the amount that individual purchasers are prepared to pay.

As a result of the reduction in mortgage rate down to its current level of 8½ per cent., mortgage repayments have now been reduced by nearly 25 per cent. for the homebuyer. This single factor is perhaps the most important of all the elements in the latest apparent revival in prices.

At first the higher rate of price increases being recorded

caused little reaction or comment. Building society executives were forecasting average increases in the region of 10 to 12 per cent. for 1978 as a whole and, together with their colleagues, met Government officials to discuss lending levels for the first half of 1978.

They established a monthly lending quota of about £680m., plus an extra £40m. or so for peripheral lending on items such as home improvements. The assumption on both sides was that this level of advances could be maintained without provoking any nasty side effects on house prices.

Within a few short weeks, however, officials on the Government side of the Joint Advisory Council—the body created to provide a consensus on matters related to building society operations—had changed their minds.

Officials told the societies they had been confronted with evidence to show that prices were rocketing up at a level which immediately brought back to mind memories of the last boom, when average prices rose in one year by the best part of 50 per cent.

It was made clear that in no circumstances was the Government prepared to countenance such an event again—a view readily shared by the building societies themselves. But the societies believed, and still do, that the call for lower lending levels was a panic measure based on sketchy information.

They were not disputing that in some areas property prices were rising at a very rapid annual rate—some society executives had already predicted this would happen—but they refused to accept that what was happening in parts of London, the South East and the Midlands was true for the whole country.

The officials from the Department of the Environment were not convinced. They felt that the only effective way to avoid overheating was to reduce the supply of finance and called on the societies to make a 10 per cent. cut in the lending

levels so recently approved.

Many society executives were, and still are, hopping mad about the decision. Because of wider political considerations they agreed to implement the cuts, although the decision also partially reflected their own uncertainty about whether or not house prices could actually shoot up, despite their forceful arguments to the contrary. The societies were anxious to avoid a house price explosion and equally determined to see that they could not be held responsible if one took place—as they surely would be.

The societies know full well, however, that their action in reducing lending could be more damaging than if they had gone on arranging mortgages at higher levels. In holding back funds which are now readily available—in itself a painful policy for societies to follow—the movement may well be simply building up a wave of pent-up demand which, sooner or later, will break over the housing market.

With a short supply situation already in existence, even greater pressure on prices could again be resumed. As it is, the Government's decision, which opts for stability of prices in the belief that more people will be able to buy their homes, is frustrating an estimated 1,400 mortgage applicants each week.

As to whether the Government's move has had the desired short-term effect, the signs are that even before the mortgage cutting exercise got under way at the start of April, the market had begun to cool down.

The fact is that agents in those areas where the sharpest price rises were being recorded say that the market has stabilised, with more properties being made available in the belief that prices have peaked. At least an element of the "must buy before prices go even higher" attitude now seems to have disappeared.

The problem which the societies face is releasing themselves from the lending restrictions under which they now

operate. Statements at the highest level within the movement have already been made to the effect that societies should even now be starting to push up their monthly lending rate back to the levels originally planned at the start of 1978.

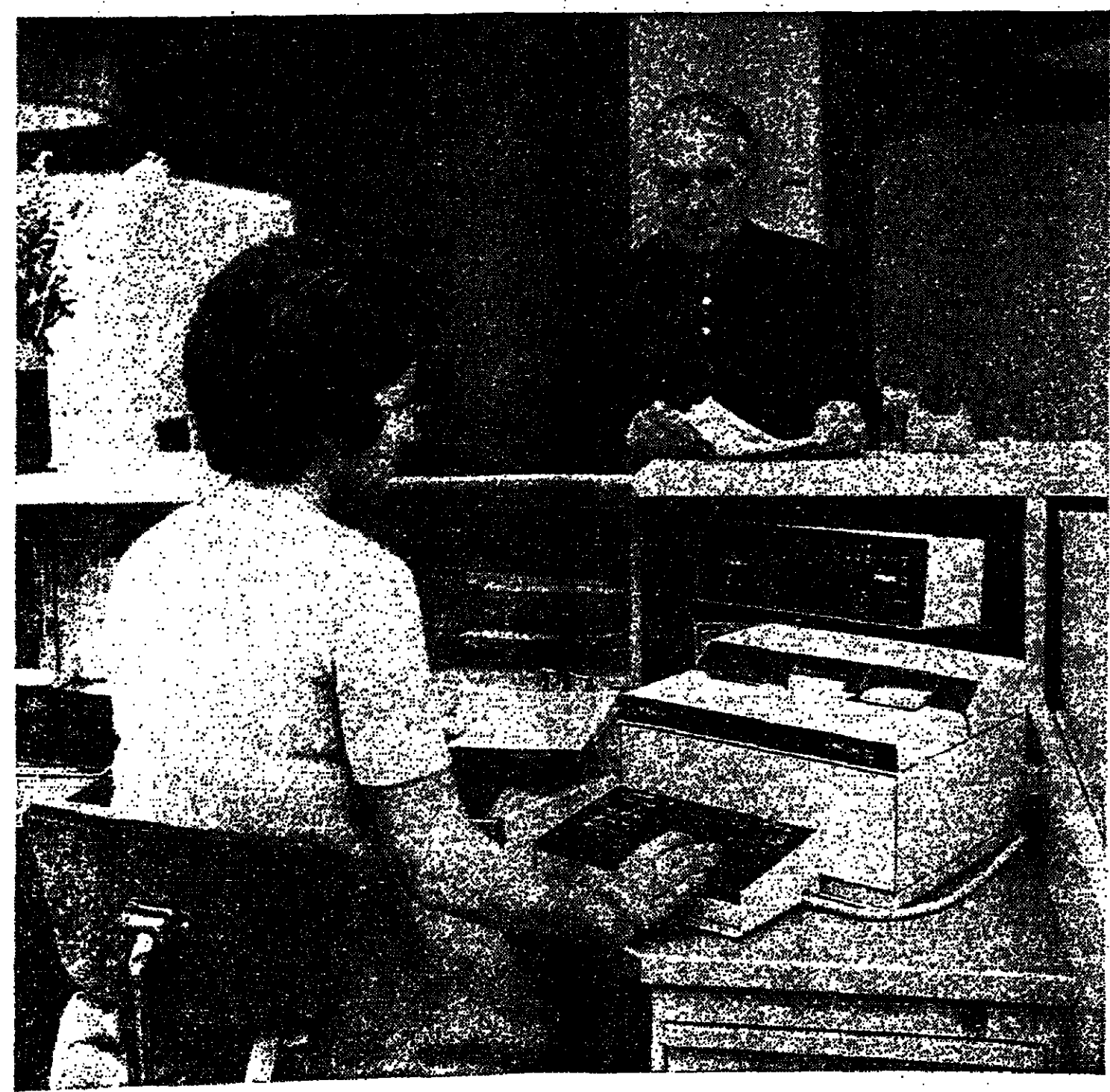
Any announcement of a sudden restoration of higher lending levels could, they believe, stimulate the type of boom everyone has been anxious to avoid, particularly bearing in mind that element of additional pent-up demand. It is clear that officials will not be prepared to entertain any higher lending rates until they are firmly convinced that prices have ceased to rise as dramatically as at first claimed and that could take time.

There is also the very real question of whether, as the next two or three months progress, the societies will actually feel able to contemplate higher lending levels. The inflow of new funds is running well below the levels achieved when the original 1978 lending targets were fixed and it may well be that a lower level of mortgage commitments would have been necessary in any case.

Meanwhile, societies are sticking to their predictions that average house prices for 1978 as a whole will rise by between 12 and 14 per cent. Some believe the figure could be a little higher. But while ordinary mortgage commitments are kept down, the societies are not being shackled in terms of their so-called peripheral lending and monthly advances in this area have already doubled.

Finally, spare a thought for the housebuilders, whose output and confidence in recent years have been equally low. Margins have, however, been slowly restored and output is beginning to climb back up from some of the lowest levels recorded since the war. It can only be hoped that the latest events will not send them scurrying back for cover to add another dimension to the country's private sector housing problems.

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Launched only recently in the UK, the PTS 6000 system has achieved notable success since January 1977, with twenty orders to date from banks and local authorities all over the country, while special versions of PTS equipment have been manufactured to UK customers' specific requirements. The PTS 6000 is rapidly proving itself to be the preferred system for counter terminals in the UK, as it is elsewhere in the world. For further details you are invited to talk to Philips about your data processing requirements—ring the Special Accounts Manager, Bruce Anderson, at Philips Data Systems, 0206 5115. You'll find that Philips' people talk your language.

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## INTERNATIONAL FINANCIAL AND COMMODITY NEWS

## CBS to buy toy group for \$27m.

NEW YORK, May 5. CBS INC. has agreed to acquire the toy company Gabriel Industries Inc. for \$17.90 a share, or about \$27m, in total.

CBS and Gabriel said jointly in a statement that the acquisition is subject to a preliminary agreement, approval by both Boards and approval by the shareholders of Gabriel. Gabriel's principal officers are Gabriel, whose 1.8m. shares are listed on the American Stock Exchange, makes toys, games, hobby crafts and toy playground equipment. In 1977, it earned \$2.8m. on net sales of \$50.2m.

## New York hotels bid

NEW YORK, May 5. A FINANCIAL group has offered to buy three major New York hotels—the Barclay, the Ritz-Carlton and the Roosevelt—for \$50m, from the bankrupt Penn Central Transportation Company, according to a spokesman for the company's trustees.

## Canadian Occidental

CANADIAN Occidental Petroleum reports first quarter net profits of \$26.1m. compared to \$25.5m.

In reporting the sharply higher first quarter earnings, the company pointed out that the results were not directly comparable with the year ago quarter when its North Vancouver industrial chemicals plant was closed down for five weeks because of a strike.

## The First Viking Commodity Trusts

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## (METALS)

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Specialist in Trading Metals, Precious Metals, metal options and trading against the U.S. dollar. May 1978 available. Write or phone: 0248 779547 or 0242 779547

## Pakhoed selling property to raise \$174m. cash

BY CHARLES BATCHELOR

PAKHOED Holdings' property division is selling off most of its property portfolio to raise some \$174m. cash for the troubled parent company.

Blauwhoe is to sell property worth \$150m. (\$87m.) to Royal Dutch Shell's pension fund, which is a partner in one of Blauwhoe's investment funds. It is also in an advanced stage of negotiations with the Robeco investment group for the sale of property worth \$124m. (\$107m.).

These two sales represent Blauwhoe's interests in affi-

liates and subsidiaries and leave it with a portfolio worth an estimated \$150m. in which it is sole owner.

Pakhoed, whose most profitable division in 1977 was Blauwhoe, said in March it would make considerable property sales this year to compensate for the group's poor performance as a whole. Property sales accounted for \$15.22m. of Blauwhoe's \$15.44m. gross profit last year.

The Rotterdam-based group, whose other interests comprise storage and transport operations, recorded sharply lower profits in 1977 on a slightly reduced turnover. Group net profit fell to

AMSTERDAM, May 5.

Fls.39m. in 1977 from Fls.43m. on sales down to Fls.413m. from Fls.457m. The company paid no dividend. Pakhoed, which has seen a series of Boardroom changes in the past two years, is suffering from the economic recession and overcapacity in its industrial operations.

Blauwhoe has retained its 100 per cent. interest in the Poly-rathe Project Development Group, which has an annual turnover of around Fls.600m. It also still has a half share in two real estate companies, Van Zadelhoff of Amsterdam and Ackermann and Co. of Atlanta Georgia.

## Sales rise at Catalana de Gas

BY DAVID GARDNER

CATALANA DE GAS y Electricidad S. increased its turnover in 1977 to Ptas.8,580m. (\$101m.), but before-tax profits were down slightly on the year, to Ptas.730.4m. (\$89m.), from Ptas.769.6m. Gas sales rose approximately 10 per cent. in volume and 1.6 per cent. in money terms.

This resulted fundamentally from the increase in interest charges on foreign currency credits as a result of last year's devaluation of the peseta, and the larger outlay in 1977 as part of Catalana's expansion programme, which last year saw the

incorporation of a new plant at Reus by gas of the group's subsidiaries.

Catalana's president, Sr. Pedro Duran, made special mention in last week's shareholders' meeting of the company's plans for expansion over the coming seven years. By agreement with the Empresa Nacional de Gas, belonging to INI, the State holding company, Catalana will have a free hand in gas distribution in Catalonia and the Valencia region, while the Empresa Nacional will pipe natural gas into the north of Spain and Andalusia. Catalana will have up to 10 per cent. of the latter market.

BARCELONA, May 5.

By 1984, Catalana expects to have quadrupled its sales to some Ptas.300m., and tripled its profits. It also expects to double its share capital, broadly unchanged last year at Ptas.4.35m., by rights issues spread over the seven years. The company is paying its usual 8 per cent. dividend this year.

Sr. Duran called for policies of conservation based on a realistic pricing system, claiming that prices in Europe for energy supplied to industry were 20-30 per cent. higher than in Spain. He also called for the diversification and development of the country's own energy resources.

## Sales growth at Elektrisk

By Fay Gjester

OSLO, May 5. ELEKTRISK Bureau of Norway with interests in electronics and telecommunications, reports sales totalling Kr.1,088m. (\$185m.) last year—88 per cent. up on 1976—while profits rose to Kr.19.2m. from Kr.16.8m. The increase partly reflected take-overs and acquisitions.

Increased efforts on foreign markets produced a Kr.96m. rise in export sales to Kr.171m. last year. The group has established a new division for total planning of communications systems.

## Setback at Maltese bank

BY GODFREY GRIMA

MALTA, May 5.

PROFITS for Malta's Mid-Med Bank, the former Barclays operation, are considered to have declined last year. This was stated by the bank's chairman, Mr. Paul Xuereb, M.P., in his address to shareholders.

Mid-Med, which is currently launching an overseas campaign to attract industrial investments to Malta, was created jointly by Premier Don Mintoff's Government, which holds a majority interest, and Barclays in September, 1975. The first returns which were published last year covered therefore a 15 month period. This year's are the first returns covering 12 months.

Mr. Xuereb, who described last year's operation as "satisfactory" said profits before tax stood at \$31.2m. against \$31.9m. for the 15 month period ending December 1976. Earnings per

## Share fell from 21.1 cents to 12.6 cents

What seems to have contributed towards this decline was the stagnant level of advance's while deposits were still soaring.

According to the bank's balance sheet, savings and deposits accounts in 1977 rose to \$111m., while the amount of loans fell to \$150.7m.

## Rothschild profits up

THE ZURICH-BASED Rothschild

Bank AG, controlled by the French and British Rothschild concerns, reports an increase in net profit to Sw.Frs.7.4m. (\$3.8m.) from Sw.Frs.7.4m. (\$3.8m.) last year, compared to \$3.45m. (\$1.6m.) in 1976. The tax credit, domestic shareholders in KHD will receive a dividend of DM9.38 for 1977.

## Saudi buys French bank interest

By David White

PARIS, Mar. 5.

THE FRENCH-BASED Saudi Arabian businessman, Mr. Akram Ojib, has moved into yet another fresh pasture by becoming one of the leading shareholders in Credit Commercial de France, which ranks among the main French private commercial banks.

Mr. Ojib, who hit the headlines last year by buying the luxury liner, "France", has bought about 5 per cent. of the bank's stock on the Paris Bourse. A CCF representative said today, "The shares are undervalued, estimated to have cost Mr. Ojib in the region of Frs.50m. (\$10m.) on the basis of market prices in the period when the transactions took place, before the March General election."

The purchase gives Mr. Ojib one of the biggest shareholdings in the bank. CCF said that, since its recent introduction of bearer shares in the place of registered shares, it was no longer possible to trace the exact size of individual shareholdings, but none exceeded 10 per cent. The limit above which a shareholding has to be declared.

The purchase is not, however, seen as heralding a bid for control, which would have to be passed by the French National Credit Council.

Mr. Ojib's company, Techniques d'Avant-Garde (TAG), last month bought a 10 per cent. stake in a big civil engineering group, Dumex, and made plans for a joint construction venture in Saudi Arabia.

At an annual meeting held last week, the bank said it expected higher 1978 results.

## Outlook at KHD

SUMMARISING the current business situation, KHD's Chairman, Humboldt-Deutz, the West German diesel engines, commercial vehicles and engineering group, says that in spite of continuing weak demand for capital goods, increased costs and stepped-up price competition, it has seen the first few months of this year develop relatively favourably, writes Adrian Davis from Bonn.

Despite the more difficult market conditions, further expansion in currency conversion facilities, the Board expects to end 1978 profitably.

The company has already announced an unchanged DM6 dividend for 1977 along with net profits for last year of DM4.5m. (\$2.2m.), compared to DM3.45m. (\$1.6m.) in 1976. The tax credit, domestic shareholders in KHD will receive a dividend of DM9.38 for 1977.

## GENTING HIGHLANDS

## Gambling with success

BY WONG SULONG IN KUALA LUMPUR

NESTLING some 5,000 feet up in the mountains, 30 miles from the Malaysian capital, is a sprawling complex of hotels which are literally money spinners for their owner, the Genting Highlands group.

The group's annual report and advertisements boast of its luxurious hotels, its excellent 18-hole golf course, its tourist facilities, the exotic scenery and crisp air. It is a keen supporter of cultural activities, sports and charities.

But little is said about the money that lays its golden eggs—the casino. This is understandable. In a country like Malaysia where Islam is the official religion, operating a casino is looked upon as being not very respectable form of business.

Since the Genting Highlands Hotel Berhad was quoted on the stock exchanges of Kuala Lumpur and Singapore in 1973, its capital has risen steadily, through several issues, from 10m. ringgits to 100.3m. ringgits (\$US24m.) last year. Profits over the years have been impressive. Pre-tax profits have increased from 2.5m. ringgits in 1971 to 27.5m. ringgits last year—thanks largely to profits from the casino.

Genting is, however, well aware of the high risk status of its earnings. At the same time, public pressure in Malaysia continues to demand that the company play down—if not reduce—its profits from gambling. Hence the continuing attempts by Genting to diversify with the latest plan for spreading profits risk centred on the development of lead held in the Highlands.

The first diversification attempt ended in failure. In January last year the company sprang a surprise by announcing that it had spent 20m. ringgits to buy 25 per cent. in Golden Hope Plantations, a cash bid for the remaining shares was made. But the move was blocked by Harrison and Crossfield, which had its own plans to merge Golden Hope with two of its sister companies to form Harrison's Malaysian Estates.

The bid made Genting a loss of 3.38m. ringgits in foreign exchange conversions, although shareholders will find some comfort in the fact that their company's shares in Golden Hope were worth 33m. ringgits on the market at the end of last year.

Genting has high hopes for its latest development plan. The Pahang State Government has approved its re-zoning proposals, and a master plan has been drawn up by an American concern to develop the group's 12,000 acres. The creation of three townships with a population of 90,000 people is envisaged as well as large areas for

tourism and temperate agriculture. This is understandably a long term plan. Genting hopes initially to develop 300 acres of prime land near the golf course for residential housing. Work on this will begin next year. Observers expect the diversification to be financed mainly from Genting's own cash, as in its previous development.

With the opening of the fifth 600-room hotel later this year, greater efforts will be needed to attract tourists. Hotel occupancy rose from 50 per cent. in 1976 to 60 per cent. in 1976, and to 62 per cent. last year. But the average length of stay is only 1.6 days, reflecting that most guests are there for the week-end gambling.

Now that the Kuala Lumpur-

Karak highway has been completed giving better access to the highlands more visitors are expected. The casino will also shortly move to more spacious and luxurious surroundings in the main 18-storey extension, the largely attributed to its managing director, Datuk Lim Gub Tong Bori in China 29 years ago, he came to Malaysia as a labourer at the age of 16, but rose to be one of the biggest contractors. In the 1960s, he bought up Genting Highlands, gaining a licence to operate the casino as part of the deal.

The company is still very much the preserve of the Lim family. Datuk Lim spends much of his time supervising construction in the highlands while his 25-year-old son manages the concern in Kuala Lumpur.

## EUROPEAN OPTIONS EXCHANGE

Option	Price	Change	Vol.	Open	High	Low	Close
K. Metal	540	134	154	—	154	—	154
K. Metal	545	84	—	—	—	—	—
K. Metal	550	44	30	4	4	7	2
K. Metal	555	44	8	154	2	11	11
K. Metal	560	154	—	154	2	154	154
K. Metal	565	154	—	154	2	154	154
K. Metal	570	154	—	154	2	154	154
K. Metal	575	154	—	154	2	154	154
K. Metal	580	154	—	154	2	154	154
K. Metal	585	154	—	154	2	154	154
K. Metal	590	154	—	154	2	154	154
K. Metal	595	154	—	154	2	154	154
K. Metal	600	154	—	154	2	154	154
K. Metal	605	154	—	154	2	154	154
K. Metal	610	154	—	154	2	154	154
K. Metal	615	154	—	154	2	154	154
K. Metal	620	154	—	154	2	154	154
K. Metal	625	154	—	154	2	154	154
K. Metal	630	154	—	154	2	154	154
K. Metal	635	154	—	154	2	154	154
K. Metal	640	154	—	154	2	154	154
K. Metal	645	154	—	154	2	154	154
K. Metal	650	154	—	154	2	154	154
K. Metal	655	154	—	154	2	154	154
K. Metal	660	154	—	154	2	154	154
K. Metal	665	154	—	154	2	154	154
K. Metal	670	154	—	154	2	154	154
K. Metal	675	154	—	154	2	154	154
K. Metal	680	154	—	154	2	154	154
K. Metal	685	154	—	154	2	154	154
K. Metal	690	154	—	154	2	154	154
K. Metal	695	154	—	154	2	154	154
K. Metal	700	154	—	154	2	154	154
K. Metal	705	154	—	154	2	154	154
K. Metal	710	154	—	154	2	154	154
K. Metal	715	154	—	154	2	154	154
K. Metal	720	154	—	154	2	154	154
K. Metal	725	154	—	154	2	154	154
K. Metal	730	154	—	154	2	154	154
K. Metal	735	154	—	154	2	154	154
K. Metal	740	154	—	154	2	154	154
K. Metal	745	154	—	154	2	154	154
K. Metal	750	154	—	154	2	154	154
K. Metal	755	154	—	154	2	154	154
K. Metal	760	154	—	154	2	154	154
K. Metal	765	154	—	154	2	154	154
K. Metal	770	154	—	154	2	154	154
K. Metal	775	154	—	154	2	154	154
K. Metal	780	154	—	154	2	154	154
K. Metal	785	154	—	154	2	154	154
K. Metal	790	154	—	154	2	154	154
K. Metal	795	154	—	154	2	154	154
K. Metal	800	154	—	154	2	154	154
K. Metal	805	154	—	154	2	154	154
K. Metal	810	154	—	154	2	154	154
K. Metal	815	154	—	154	2	154	154
K. Metal	820	154	—	154	2	154	154
K. Metal	825	154	—	154	2	154	154
K. Metal	830	154	—	154	2	154	154
K. Metal	835	154	—	154	2	154	154
K. Metal	840	154	—	154	2	154	154
K. Metal	845	154	—	154	2	154	154
K. Metal	850	154	—	154	2	154	154
K. Metal	855	154	—	154	2	154	154
K. Metal	860	154	—	154	2	154	154
K. Metal	865	154	—	154	2	154	154
K. Metal	870	154	—	154	2	154	154
K. Metal	875	154	—	154	2	154	154
K. Metal	880	154	—	154	2	154	154
K. Metal	885	154	—	154	2	154	154
K. Metal	890	154	—	154	2	154	154
K. Metal	895	154	—	154	2	154	154
K. Metal	900	154	—	154	2	154	154
K. Metal	905	154	—	154	2	154	154
K. Metal	910	154	—	154	2	154	154
K. Metal	915	154	—	154	2	154	154
K. Metal	920	154	—	154	2	154	154
K. Metal	925	154	—	154	2	154	154
K. Metal	930	154	—	154	2	154	154
K. Metal	935	154	—	154	2	154	154
K. Metal	940	154	—	154	2	154	154
K. Metal	945	154	—	154	2	154	154
K. Metal	950	154	—	154	2	154	154
K. Metal	955	154	—	154	2	154	154
K. Metal	960	154	—	154	2	154	154
K. Metal	965	154	—	154	2	154	154
K. Metal	970	154	—	154	2	154	154
K. Metal	975	154	—	154	2	154	154
K. Metal	980	154	—	154	2	154	154
K. Metal	985	154	—	154	2	154	154
K. Metal	990	154	—	154	2	154	154
K. Metal	995	154	—	154	2	154	154
K. Metal	1000	154	—	154	2	154	154

## THE OUTLOOK FOR COMMODITY FUTURES

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## COMMODITIES/Review







Financial Times Saturday May 6 1978

Table with multiple columns listing various financial instruments, companies, and their associated values or prices. Includes sections for 'INVESTMENT TRUSTS', 'ELECTRIC LIGHT', 'FINANCIAL TRUSTS', and 'LOCAL AUTHORITY BOND TABLE'.

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**MONEY + EXCHANGES**

**Minimum Lending Rate 8 3/4%**

Bank of England Minimum Lending Rate 8 3/4% (since May 5, 1978). The Treasury bill rate rose by 1/8% to 12 1/2% per cent. The Treasury bill rate rose by 1/8% to 12 1/2% per cent. The Treasury bill rate rose by 1/8% to 12 1/2% per cent.

**EXCHANGES AND BULLION**

Sterling traded quietly along with most other currencies ahead of the week-end in yesterday's foreign exchange market. Opening at \$1.8290-1.8300 in terms of the U.S. dollar, the pound showed a firmer tendency initially and this was reflected in its trade weighted index which rose 0.1% to 100.14. The pound's recovery was helped by a firmer tendency in the U.S. dollar which rose 0.1% to 100.14.

**GOLD MARKET**

Gold Bullion: \$1,725.00-1,730.00. Gold Bullion: \$1,725.00-1,730.00. Gold Bullion: \$1,725.00-1,730.00.

**CURRENCY RATES**

U.S. Dollar: 1.8290-1.8300. U.S. Dollar: 1.8290-1.8300. U.S. Dollar: 1.8290-1.8300.

**EURO-CURRENCY INTEREST RATES**

Three months: 10.00%. Three months: 10.00%. Three months: 10.00%.

**FORWARD RATES**

One month: 1.8290-1.8300. One month: 1.8290-1.8300. One month: 1.8290-1.8300.

Table with multiple columns listing various financial instruments, companies, and their associated values or prices. Includes sections for 'INVESTMENT TRUSTS', 'ELECTRIC LIGHT', 'FINANCIAL TRUSTS', and 'LOCAL AUTHORITY BOND TABLE'.

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## Interest broadens as equities stage fresh upturn

### Index up 15.8 on week at 481.5—Gilts also fare better

price to \$128.83 per ounce south African Golds sold ground in quiet trading. The metal price, however, was still \$230 higher than the previous week. The successful outcome to last Wednesday's International Monetary Fund sale auction, where the average price realised was \$170.40.

Political fears concerning southern Africa had a marginal effect on the price of shares but the lack of any sizeable oil price interest caused prices to drift easier and resulted in a 2-point fall in the Gold Mines group. The group showed a 3.8 drop over the week.

Among heavyweights, Randfontein recorded a move to £324—a 4.5% rise—while the falls of £10.50 and £10.00 of £114, West Driefontein, £138, and Western Holdings, £164.

In lower-priced issues Doornfontein were another 8 cheaper while the marginal Durban Deeps gave up a similar amount at £188.

Financials were featured by the strength of Selection Trust,

which attracted a good deal of buying following the forecast in a recovery in Amstar's earnings for this year: Selection Trust holds a 8.3 per cent stake in Amstar.

On the other hand South African Financials tended to ease in line with Golds. A notable exception were Rand London which advanced 6 to 5 1/2p in a thin market. Anglo American advanced 4 cheaper at 35 1/2p, while ZCL hardened a penny more to a 2 1/2s high of 13p following continued Continentals buying.

Continental shares gained further ground reflecting the renewed strength of the metal price in London and Penang. Gopeng rose 15 to 10 1/2p.

On the same note, Anglo Tins held the same amount to a 1 1/2s high of 3 1/4p. Ayer Hittam put on 10 to a high of 32 1/2p.

The following securities quoted in the Information Service are for the vintage 1978. All are high quality issues.

**NEW HIGHES (212)**

**CORPORATION LOANS (1)**

**AMERICS (9)**

**BANKS (3)**

**BUILDINGS (8)**

**CHEMICALS (5)**

**DRAWERY AND STORES (12)**

**ELECTRICALS (7)**

**ENGINEERING (24)**

**FOODS (1)**

**MOTORS (5)**

**INDUSTRIALS (54)**

**INSURANCE (17)**

**MACHINERY (1)**

**PAPER AND PRINTING (5)**

**PROPERTY (2)**

**SHOES (3)**

**TORRACOS (3)**

**TRADING COMPANIES (1)**

**OILS (15)**

**OVERSEAS BONDS (4)**

**RUBBERS (1)**

**TEAS (1)**

**MINES (5)**

**NEW LOWS (8)**

**BRITISH PUNDS (4)**

**Treasury (1)**

**FOREIGN BONDS (3)**

**Japan Dec 1993-68**

**BUILDINGS (1)**

**Benzol**

**CHEMICALS (1)**

**Burrell**

**PAPERS (1)**

**Collett Dickenson**

**SHIPPING (1)**

**Hunting Gibson**

	Yesterday		Up	Down	Same	Up	Down	Same
	32	12	31	11	31	31	11	31
British Funds	594	379	823	2,178	728	1,298	1,298	1,298
Corpus, Dominion and Foreign Bonds	217	31	270	746	228	1,134	1,134	1,134
Industrial	9	16	39	16	39	16	39	16
Financial and Prop.	3	5	25	19	22	19	22	19
Oil	31	40	14	127	166	25	7	6
Misc	6	—	14	—	—	—	—	—
Recent Issues	913	253	1,252	3,906	2,747	5,111	5,111	5,111
Totals	913	253	1,252	3,906	2,747	5,111	5,111	5,111

Stock	Nominal ion	Closing marks price	Closing price (p)	Change on day
Shell Transport ...	250	17	574	+ 14
BP ... ..	£1	12	894	+ 20
ICI ... ..	£1	12	358	+ 6
Grand Met. ....	30p	11	118	+ 2
Affiliated Breweries	25p	9	931	+ 31
Barelay's Bank ...	£1	9	335	+ 3
Metal Box ... ..	£1	9	320	+ 8
Thorn Electrical ...	£1	9	300	+ 4
Bibby (A.) ... ..	31	8	230	+ 7
Commercial Union	25p	8	154	+ 4
General Accident	25p	8	228	+ 10
CIC ... ..	25p	8	233	+ 3
Imperial Group ...	25p	8	79	+ 1
Nethercare ... ..	10p	8	164	+ 12
Tricentrol ... ..	25p	8	178	+ 8

The above list of share stocks is based on the newspaper's information of the United List and under R reproduced today in Stock Exchange dealings.

Stock	Deconimated	No. of marks	Closing price (p)	Change on week
ICI	£1	51	824	+24
Shell Transport	25p	48	574	+22
ICI	£1	45	558	+16
Turner and Newall "New"				
	Nil pd.	41	23pm	+ 7
Grand Met	30p	40	113	+ 6
Lyons' Dated	25p	39	285	+ 22
Lyons' Unpaid	25p	31	309	+ 15
Marx & Spencer	25p	39	147	+ 1
Leochman	25p	28	664	+24
WEL	25p	28	223	+ 8
Barclays Bank	£1	26	353	+ 5
W&A "A"	50p	24	298	+10
Bradford	£1	33	373	+17
RTZ	25p	52	205	+ 3
P & O Dated	£1	31	99	—

## OPTIONS

DEALING DATES					the call include
First Deal- ings	Last Deal- ings	Last Declara- tion	For Settle- ment		Smithers, Ed- Grand Metrop Midhurst White solidated Oil, menis and Dun arranged in Bu Ladbroke War Holdings, while were transacted Godwin and Al
Apr. 25	May 9	July 20	Aug. 1		
May 10	May 22	Aug. 3	Aug. 17		
May 23	Jun. 6	Aug. 17	Aug. 31		

For rate indications see end of  
Share Information Service  
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1978	1978	July		October		January				
high	low									
576	484	Eligible								
844	720	RP	755	55	10	108	7	127	4	821
365	328	RP	800	56	5	77	7	95	4	789
113	87	Comp. Unit-	149	19	7	225	9	289	2	154
83	78	Comp. Unit-	160	81	38	13	43	15	—	169
355	246	Comp. Unit-	180	19	10	27	19	29	21	169
320	258	Comp. Unit-	180	9	18	14	24	18	10	132
392	330	Comp. Unit-	100	6	5	261	—	17	—	—
247	182	Comp. Unit-	115	87	20	13	—	12	5	—
136	138	Comp. Unit-	130	51	125	8	5	10	1	—
230	200	Comp. Unit-	240	41	—	—	—	36	—	—
278	233	Comp. Unit-	260	152	11	22	—	29	—	—
81	71	Comp. Unit-	100	19	—	—	2	6	—	114
200	140	Comp. Unit-	110	11	51	17	34	20	52	7
184	130	Comp. Unit-	550	55	4	18	—	46	—	351
		Comp. Unit-	307	17	20	23	—	10	—	10
		Comp. Unit-	160	27	18	50	30	32	23	80
		Comp. Unit-	200	15	107	17	15	38	21	2
		Comp. Unit-	140	13	1	8	15	12	4	14
		Comp. Unit-	500	4	9	96	1	100	1	575
		Comp. Unit-	550	44	13	57	1	66	2	—
		Comp. Unit-	600	19	12	29	5	43	—	—
		Comp. Unit-					821	167		

864	720
578	484
365	328
23pm	11pm
1131	87
257	227
302	240
100	136
678	583
278	233

210 118	164 91												
In-Use Price	Amount P-2	P-1 Last Year	P-2 Last Year	1972		Stock		Trading Price	+/-	P-1 Amount	Time Percent	P-2 Vols	P-1 P-2 Ratio
105	F.P.	26-4	162	116	Sage Holidays.....		142	+1	6.75	2.2	7.8	9.6	

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for conversion of shares not now ranking for dividend or ranking only for restricted  
 dividends; ■ Placing price to public. ■ Pence unless otherwise indicated. ■ Issued  
 by tender. ■ Offered to holders of Ordinary shares as a "rights" ■ Rights  
 by way of capitalisation. ■ Minimum tender price ■ Reintroduction. ■ Issued  
 in connection with reorganisation merger or take-over. ■ Introduction. ■ Issued  
 to partly: Preference holders. ■ Allotment letters (or fully-paid). ■ Provisional  
 or form: paid allotment letters. ■ With warrants.

هكذا قال في الآيات

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Fri. May 5, 1978						Thurs May 4		Wed May 3		Tues May 2		Fri Apr 28		Year ago approx.		Highs and Lows Index				
and SUB-SECTIONS		Index No.	Day's Change	Est. Change Vol. % ACT	Gross Div. Corp. %	Est. P/E Ratio ACT	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	1978		Since Completion		
Figures in parentheses show number of stocks per section																		High	Low	High	Low	
1	CAPITAL GOODS (178)	212.27	+1.4	17.49	5.61	7.97	209.43	208.56	205.72	203.73	177.28	214.84	(61)	138.95	(23)	228.03	(148/77)	59.71	(131/27)	44.27	(111/27)	
2	Building Materials (27)	190.46	+1.5	17.49	5.61	7.97	187.15	186.41	185.78	184.34	178.86	197.86	(61)	138.95	(23)	228.03	(148/77)	59.71	(131/27)	44.27	(111/27)	
3	Construction (158)	241.44	+1.6	17.49	3.95	7.77	236.07	235.13	232.62	230.14	251.64	390.75	(61)	289.35	(61)	389.33	(115/72)	71.48	(121/74)	41.48	(111/27)	
4	Electronics (15)	444.06	+1.5	16.65	3.95	9.16	437.21	438.75	436.23	436.49	344.83	464.54	(61)	404.47	(23)	483.69	(115/72)	71.48	(121/74)	41.48	(111/27)	
5	Engineering Contractors (14)	310.37	+1.5	18.47	5.65	7.06	305.33	303.24	299.13	300.87	236.87	310.37	(51)	270.95	(61)	332.22	(134/77)	64.39	(121/74)	41.48	(111/27)	
6	Mechanical Engineering (7)	169.86	+1.0	18.47	6.15	7.19	168.11	167.13	166.73	163.89	160.44	169.86	(51)	149.87	(23)	187.45	(134/77)	45.43	(121/74)	41.48	(111/27)	
7	Metals and Metal Forming (1)	170.17	+1.2	16.57	8.42	8.12	168.23	168.42	168.61	165.27	152.23	170.17	(51)	154.22	(27/7)	177.41	(174/72)	49.65	(161/71)	41.48	(111/27)	
11	(DURABLE) (52)	197.11	+0.7	12.12	4.82	8.36	196.35	194.76	194.20	190.50	162.06	197.11	(51)	173.63	(31)	227.78	(121/72)	39.29	(161/71)	41.48	(111/27)	
12	LI. Electronics, Radio (112)	233.51	+0.4	15.92	3.68	9.57	232.60	231.31	226.67	227.47	187.09	235.96	(61)	209.01	(31)	261.72	(121/72)	42.85	(131/74)	41.48	(111/27)	
13	Household Goods (125)	173.45	+0.7	16.59	5.00	8.28	172.26	171.59	171.07	155.84	184.33	(91)	154.61	(61)	263.22	(145/72)	61.92	(131/74)	41.48	(111/27)		
14	Motors and Distributors (25)	124.12	+1.0	20.42	6.17	7.03	122.85	122.14	119.79	120.39	103.65	124.12	(51)	104.68	(23)	170.59	(151/69)	19.91	(161/71)	41.48	(111/27)	
CONSUMER GOODS																						
21	(NON-DURABLE) (179)	206.79	+1.6	15.70	5.63	8.75	205.99	201.78	199.74	198.55	171.63	207.25	(61)	174.46	(23)	226.08	(168/72)	61.41	(131/74)	41.48	(111/27)	
22	Food (179)	260.23	+2.8	13.59	5.53	11.15	263.65	230.24	227.04	228.03	178.04	240.23	(61)	229.45	(23)	281.87	(121/72)	78.88	(131/74)	41.48	(111/27)	
23	Wines and Spirits (6)	265.10	+0.7	25.26	5.43	9.94	263.13	263.28	255.69	260.00	265.10	(51)	229.85	(61)	265.10	(51/76)	78.88	(131/74)	41.48	(111/27)		
24	Entertainment, Catering (17)	260.55	+1.4	23.54	5.50	10.69	257.01	254.17	251.81	256.82	217.74	269.17	(61)	219.62	(23)	309.99	(121/72)	54.83	(111/25)	41.48	(111/27)	
25	Food Manufacturing (22)	193.99	+1.5	20.75	5.55	6.69	193.19	192.30	190.71	190.39	178.93	203.38	(61)	175.37	(27/2)	214.65	(121/72)	56.67	(121/72)	41.48	(111/27)	
26	Food Retailing (18)	200.97	+1.2	14.56	6.46	9.70	198.67	196.23	192.48	192.47	182.95	222.25	(61)	176.53	(31)	244.1	(141/72)	54.05	(121/72)	41.48	(111/27)	
27	OTHER FOODS (12)	229.75	+1.3	16.45	5.85	8.02	231.26	229.77	227.45	226.17	175.61	219.66	(61)	173.08	(31)	237.55	(141/72)	55.08	(161/71)	41.48	(111/27)	
28	Packaging and Paper (19)	139.31	+0.8	19.43	8.84	7.25	132.30	133.65	133.69	131.50	116.50	135.99	(61)	119.11	(24)	142.19	(141/72)	43.46	(161/71)	41.48	(111/27)	
29	Stores (30)	188.86	+1.3	10.92	4.28	13.44	186.42	185.24	184.77	183.09	149.77	177.95	(61)	165.17	(23)	204.39	(168/72)	52.63	(161/71)	41.48	(111/27)	
30	Textiles (25)	128.14	+1.9	20.13	7.10	6.06	126.56	126.41	126.47	118.35	191.33	168.05	188.14	(51)	160.85	(23)	235.72	(171/72)	62.66	(161/71)	41.48	(111/27)
31	Tobacco (3)	254.91	+2.1	21.69	7.34	5.48	249.77	247.33	243.57	238.57	219.92	254.91	(51)	214.88	(15/2)	339.16	(168/72)	94.34	(134/56)	41.48	(111/27)	
32	Toys and Games (6)	102.15	+0.7	19.79	6.78	10.43	99.70	98.50	95.94	98.97	91.49	102.15	(61)	93.79	(27/2)	135.72	(161/72)	20.92	(161/71)	41.48	(111/27)	
33	OTHER TOYS (3)	193.73	+1.3	16.45	5.85	8.02	191.26	189.77	187.45	186.17	175.61	219.66	(61)	173.08	(31)	237.55	(141/72)	55.08	(161/71)	41.48	(111/27)	
34	Chemicals (19)	264.44	+1.7	10.05	6.55	7.17	260.09	257.39	255.38	256.42	239.71	264.44	(51)	239.15	(23)	295.10	(141/72)	71.20	(131/74)	41.48	(111/27)	
35	Pharmaceutical Products (7)	225.58	+1.1	11.19	9.94	11.18	225.05	225.24	225.31	248.19	0.00	262.96	(61)	228.41	(31)	262.96	(141/72)	228.41	(131/74)	41.48	(111/27)	
36	Office Equipment (6)	133.81	+1.8	18.51	4.90	6.40	129.50	130.27	128.24	127.55	95.59	134.67	(23/2)	117.48	(31)	246.06	(119/72)	45.34	(201/75)	41.48	(111/27)	
37	Shipping (10)	441.34	+1.0	17.98	7.10	6.84	440.12	437.42	432.93	438.28	495.91	434.01	(61)	398.54	(17/4)	539.68	(185/77)	90.30	(221/75)	41.48	(111/27)	
38	Machinery (50)	204.23	+1.3	16.43	6.29	8.27	201.87	199.36	196.36	196.71	181.16	209.16	(61)	174.87	(23)	258.83	(257/72)	60.39	(161/71)	41.48	(111/27)	
INDUSTRIAL GROUP (168)																						
51	Oil (5)	498.43	+2.5	15.16	4.07	7.15	474.87	471.47	471.67	470.94	472.62	498.43	(51)	468.29	(23)	543.20	(151/77)	87.25	(161/71)	41.48	(111/27)	
52	NON-OIL (163)	234.05	+1.6	16.22	3.98	8.13	236.21	238.26	236.41	235.25	205.39	234.30	(61)	205.39	(23)	288.32	(151/77)	63.49	(161/71)	41.48	(111/27)	
FINANCIAL GROUP (160)																						
61	Banks (6)	280.34	+1.5	23.79	5.38	6.37	279.45	195.91	195.10	194.50	150.71	264.36	(23/2)	171.58	(27/2)	288.32	(151/77)	62.44	(131/74)	41.48	(111/27)	
62	Discount Houses (10)	198.97	+2.5	8.43	—	—	194.11	193.64	195.65	193.67	191.37	228.33	(61)	185.20	(13/4)	295.33	(21/72)	41.80	(161/71)	41.48	(111/27)	
63	Rire Purchase (5)	146.14	+1.6	13.39	5.48	11.06	145.21	146.34	140.86	144.94	138.81	173.55	(27/2)	134.52	(17/4)	433.74	(145/72)	38.83	(131/74)	41.48	(111/27)	
64	Life Insurance (12)	121.88	+3.4	12.12	6.43	—	120.88	121.28	121.22	125.37	108.96	145.46	(61)	124.97	(17/4)	194.46	(153/72)	44.88	(121/74)	41.48	(111/27)	
65	Insurance (Composite) (7)	132.67	+3.2	—	6.43	—	128.60	128.28	124.22	125.37	108.96	145.46	(61)	124.97	(17/4)	194.46	(153/72)	44.88	(121/74)	41.48	(111/27)	
66	Insurance Brokers (10)	359.35	+1.4	13.85	14.18	10.34	345.60	343.65	333.94	335.49	285.90	350.35	(51)	301.20	(27/2)	371.51	(161/72)	56.01	(161/71)	41.48	(111/27)	
67	Merchant Banks (14)	79.87	+0.7	—	6.03	—	79.32	79.25	77.99	76.27	67.86	85.22	(61)	71.00	(27/2)	278.57	(152/72)	31.21	(171/72)	41.48	(111/27)	
68	Property (31)	220.63	+2.1	3.05	3.14	63.32	216.39	215.12	212.37	213.53	192.81	215.89	(27/2)	201.03	(14/4)	357.40	(161/72)	56.01	(161/71)	41.48	(111/27)	
69	Real Estate (10)	161.28	+0.5	12.12	3.82	3.82	160.61	159.55	158.46	158.46	158.46	161.28	(61)	158.46	(23)	201.03	(14/4)	357.40	(161/72)	56.01	(161/71)	
70	Investment Trusts (30)	269.23	+0.5	3.22	6.49	31.09	264.14	263.14	263.14	263.14	263.14	269.23	(61)	263.14	(23)	301.18	(151/72)	33.26	(172/75)	41.48	(111/27)	
81	Mining (Finance)	93.57	+0.7	17.67	7.36	6.93	92.95	90.73	90.81	90.04	102.06	95.90	(61)	87.48	(16/5)	245.79	(254/72)	71.63	(131/74)	41.48	(111/27)	
91	Overseas Traders (19)	310.93	+0.1	15.20	3.33	8.14	314.10	310.63	308.92	292.77	283.76	311.40	(4/4)	262.26	(23)	313.71	(151/72)	66.31	(131/74)	41.48	(111/27)	
ALL-SHARE INDEX (2678)																						
		216.28	+1.5	—	5.42	—	213.00	214.46	209.23	208.45	188.08	217.99	(61)	191.15	(23)	228.10	(151/72)	61.92	(131/74)	41.48	(111/27)	

British Government	Fri. May 5	Day's change %	sd. ad. 10-day	sd. ad. 1878 to date	1	Low	5 years.....	8.44	8.45	7.26	8.47 (27/4)	7.05 (3/1)
					2	Coupons	15 years.....	10.73	10.82	10.81	10.85 (27/4)	9.12 (3/1)
					3		25 years.....	11.25	11.33	11.91	11.36 (2/5)	9.74 (3/1)
1	Under 5 years.....	106.32	+0.20	—	4	Medium	5 years.....	10.69	10.73	9.60	10.73 (4/5)	9.30 (3/1)
	5-10 years.....	117.37	+0.55	—	5	Coupons	15 years.....	11.99	12.07	11.68	12.13 (27/4)	10.18 (3/1)
					6		25 years.....	12.17	12.26	12.57	12.30 (27/4)	10.34 (3/1)
2	Over 15 years.....	121.10	+0.58	—	7	High	5 years.....	10.99	11.08	10.43	11.09 (14/4)	9.57 (3/1)
					8	Coupons	15 years.....	12.91	12.62	12.77	12.68 (27/4)	11.13 (3/1)
3	Irredeemables.....	132.20	+0.41	—	9		25 years.....	12.92	12.99	13.03	13.00 (2/5)	11.26 (3/1)
4	All stocks.....	114.18	+0.46	—	10	Irredeemables		11.00	11.03	12.02	11.07 (2/5)	9.00 (3/1)

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1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26



## OFFSHORE AND OVERSEAS FUNDS

[illegible][illegible]







**FINANCE, LAND—Continued**[illegible]

Galeco	40	R.H.M.	5	Stora	28
Grand Met	9	Rank Org. 'A'	18	Ultramar	22
G.U.S. 'A'	18	Reed Int	14		
Guardian	18	Spillers		Mines	
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sid.	20	Thorn	22	Cons. Gold	20
House of Fraser	12	Trust Houses	15	Elco T. Zinc	16

A selection of Options traded is given on the  
London Stock Exchange

515	424	Ang. Am Coal Inc.	306	+4	Q80c	3.4
511	246	Anglo Amer. Inc.	294	-2	+0.5c	2.6
517	514	Ang. Am. Gold R.	515	.....	Q145c	2.2

[illegible]

Galeco	40	R.H.M.	5	Stora	28
Grand Met	9	Rank Org. 'A'	18	Ultramar	22
G.U.S. 'A'	18	Reed Int	14		
Guardian	18	Spillers		Mines	
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sid.	20	Thorn	22	Cons. Gold	20
House of Fraser	12	Trust Houses	15	Elco T. Zinc	16

A selection of Options traded is given on the  
London Stock Exchange





## MAN OF THE WEEK

## A rapid rise to the top

BY ALAN PIKE

TRADE UNION leaders are seldom catapulted to power. The journey to the top usually involves steady, painstaking progress through the ranks and the years.

Mr. Terry Duffy defies this rule. When he succeeds Hugh Scanlon as president of the Amalgamated Union of Engineering Workers in October he will have been a national union official for barely three years.

With virtually all his experience confined to his background as a local official in the West Midlands and, before that, a shop steward, he will become a leading member of the TUC general council, hold up the voting card of the second biggest union in the land at TUC and Labour Party conferences, and join the elite of union leaders who are in close and regular contact with the Government.

His rapid rise in status has inevitably led to Mr. Duffy's lack of national experience being a much discussed factor since his



Terry Duffy  
A national union official for barely three years.

election was declared on Tuesday; he will certainly look to colleagues for support and prominent among these will be Mr. John Boyd, the AUEW's influential general secretary.

However, if Mr. Duffy's future performance remains something of an unknown quantity, the public has already become familiar with his past—former sergeant-major and Army boxing champion—and his present robustly anti-Communist opinions.

The new president, 56 last Wednesday, has continued to live in Wolverhampton and he was elected to the AUEW executive in 1975, but is expected now to move South. His wife Joyce is a school meals assistant in Wolverhampton and they have a teenage son and daughter.

While he occupies a very different political position to Mr. Scanlon the two men share a passion for golf.

Immediate reaction to Mr. Duffy's election success has naturally been concentrated on his likely impact in the national trade union movement, where he will bring to the fore a more militant attitude for moderation, but many of the most demanding problems to face him will be within the AUEW itself. The union no longer has an exclusively craft base and there have recently been some difficult signs of tension among skilled men.

When delegates to the annual conference of the AUEW's four sections assemble in Worthing on Monday they will be uncertain in their minds how long the AUEW will continue to exist in its present form. A grand design in the early 1970s to create one union for the engineering industry has degenerated into years of infighting, which have brought the vision no closer to achievement.

Amalgamation talks now taking place between the 77 engineering unions and the Electrical and Plumbing Trades Union will be given an added impetus with the AUEW now clear right-wing control, will become increasingly important for the AUEW's engineering section to retain its links with TASS, the instilled white collar section. The AUEW has been weakened and confused throughout the decade by its amalgamation problems and the whole issue could erupt in the courts before the year is out.

It is difficult for a president to stand above such internal strife. Mr. Duffy was elected with the support of the union's powerful right-wing political machine, just as Mr. Scanlon came to power 11 years ago backed by an equally effective left-wing organisation. In a union built around regular elections it is difficult for any man to be neutral and Mr. Duffy will add his influence to try to break the amalgamation deadlock—which must be broken—in the interests of the Right.

In any case, Mr. Duffy's first term in the job is for only three years and this means, under the AUEW's long and elaborate electoral structure, that the political machines will be in action for the next presidential campaign when he has held office for barely half this time.

## Engineers will press for £80 minimum

BY CHRISTIAN TYLER, LABOUR EDITOR

THE AMALGAMATED UNION of Engineering Workers decided yesterday to ignore Government hopes for a further year of controlled wage rises, and to press for a minimum skilled rate of £80 a week.

The Right wing of the union's engineering section defeated, as expected, an attempt to bind the union to demand £100 a week by 25 votes to 23 in the national committee meeting in Worthing.

It was accepted by both sides, after the intervention of Mr. Hugh Scanlon, outgoing president, that a hostile reference to the 12-month rule should be deleted because that would be breaking the national agreement just reached with the Engineering Employers' Federation.

Mr. Scanlon confirmed afterwards that acceptance of the 12-

month rule was confined to this agreement.

But the deletion would enable the executive to put a more general construction on the decision later, if the TUC is asked by the Government to assure it that the rule will be observed.

£20 claim

Yesterday's decisions mean that the engineering industry will be faced in November with a claim for a £20 increase in minimum rates, a phased reduction in the working week to 35 hours, and five weeks' paid holiday.

The pay demand is not as immoderate as it looks on paper, since actual earnings are determined at local level, and the minimum rate has little direct impact on most workers.

Mr. Scanlon said later that the £80-a-week claim, because of the wording of one of the resolutions, would be the target in all general construction on the industrial Civil Service, for which the national committee earlier this week decided to seek £100.

Once its £100-a-week demand had been defeated yesterday, the Left moved almost unanimously behind a composite motion instructing the executive to "oppose any policy of wage restraint, no matter what Government was in office," and to pursue the claim in "unfettered bargaining conditions with the full weight of industrial action used if necessary."

A move to have the minimum rates linked to the Retail Prices Index was defeated by 37 votes to 15.

University pay rises Page 3

## Poll comfort for all, but no election pointer yet

BY DAVID CHURCHILL

AS THE final results in the English local government elections were declared yesterday it became clear that all three main political parties could take comfort from the results. But there seemed few firm pointers as to when the Prime Minister would decide to call a general election.

Overall, the Conservatives produced the best performance of the elections although they did not do as well as had been expected. The Tories captured control of both the Association of Metropolitan Authorities and the London Boroughs Association, but failed to win the Inner London Education Authority.

Even so the Conservatives now dominate all four local authority associations which negotiate with the central Government over such issues as the allocation of rate support grant.

Despite losing control of London Boroughs Association, the AMA, Labour revealed it had considerable depth of support outside the capital, especially in the North. It retained control

LOCAL ELECTION RESULTS			
Results from all 80 metropolitan and non-metropolitan district councils			
	Gains	Losses	
LABOUR	62	109	-27
CONSERVATIVE	147	87	+60
LIBERAL	17	25	-8
INDEPENDENT & OTHERS	20	45	-25
London Boroughs	Conservatives 17 (+3)		
	Labour 14 (-4)		
	No overall control		

of Manchester and Newcastle-upon-Tyne and emerged as the largest party in Liverpool.

The Liberals appeared to reverse the trend of recent by-election results and generally held on to their support. Party workers had been fearing a humiliating slump, but this did not emerge.

The National Front, which had fought almost as many seats as the Liberals, failed to make any impact.

In London the threatened Tory landslide, following last year's

## Portugal devalues escudo by 6.5% to cut deficit

BY JIMMY BURNS

THE BANK of Portugal this afternoon announced a 6.5 per cent devaluation of the escudo against the dollar of the world's main currencies, as part of a package of measures agreed with the International Monetary Fund to help cure Portugal's balance-of-payments deficit.

The monthly margin by which the escudo may be adjusted is widened from 1 to 1.25 per cent. Bank of Portugal officials this afternoon described the devaluation as representing a "negotiated compromise" with the Fund, given the fact that it falls far short of an immediate devaluation of 20 per cent, thought to have been the Bank's target when negotiations were first resumed over a month ago.

A number of leaks forced the Bank to make the announcement this afternoon, breaking a decision taken earlier this week by the Government not to announce any of the measures to the nation until next week.

Nevertheless, Mr. Mario Soares, the Prime Minister, is still not



expected to announce the full package of measures, including an increase in the bank lending rate, until Monday or Tuesday.

The ultimate aim of this devaluation is to help correct the country's balance-of-payments deficit, estimated at \$1.475bn, by stimulating exports.

The corresponding increase in the price of imports on the home

market is expected to have an immediate effect on Portugal's current annual rate of inflation, pushing it above the present 27 per cent.

The Government alliance of Socialists and Christian Democrats hopes, however, that monetary and fiscal measures included in its stabilisation programme and in the agreement with the IMF will reduce inflation in the longer term by helping to cut public and private consumption.

The Budget approved by the Portuguese Assembly last month included a 10 per cent increase in income tax, and up to 30 per cent increases in sales taxes.

The latest devaluation of the escudo follows a 15 per cent devaluation last February.

Arthur Sandles adds: The devaluation of the escudo is unlikely to have much effect on British tourists. Tour operators' contracts are now made in sterling rather than local currency, and Portuguese inflation is likely to absorb any benefits that might have been expected.

LISBON, May 5.

## Stewards to back action at Speke

By Arthur Smith, Midlands Correspondent

THE POWERFUL British Leyland shop stewards combine yesterday voted to give full support to the 8,000 workers at the Speke assembly plant if they continue to fight the company's closure plans.

Speke workers will be urged by their own shop stewards at a meeting in Liverpool this morning to maintain their efforts to save the factory which Leyland plans to close on May 26.

Yesterday Mr. Michael Edwards, British Leyland chairman, warned that continued opposition to the Speke closure could put further jobs at risk. He said that closure could not be negotiable and that the only possible way of developing Leyland's sports car business was to consolidate it at Canley, Coventry.

But it is planned to transfer the TR7 production to Canley when Speke closes.

"If we don't transfer it to Canley, it will have a disastrous effect on employment in the company as a whole," he said. There was "no question of doubt" that Leyland could face further closures if it did not achieve production targets.

The British Leyland shop stewards' combine voted unanimously in Birmingham to support any campaign by Speke workers.

Mr. David Thomas, the engineering union convenor at Speke, warned that the Dolomite, assembled at Canley, could also be affected.

Body panels for the Dolomite would be produced at Speke before transport to Canley.

Leyland has changed the original redundancy package to offer larger sums on closure.

According to the company, a worker with a year's service could expect between £1,000 and £2,000.

Mr. Thomas insisted that the shop stewards are not arguing for improved redundancy payments.

Leyland said that in the event of any obstruction to the closure, it will meet only its statutory requirements under the Redundancy Act plus a sum in lieu of notice.

Rejection to-day of the package would leave the Confederation of Shipbuilding and Engineering Unions in a difficult position.

There is reluctance to give official support to the Speke workforce in a confrontation which could provoke another crisis at Leyland.

Labour News, Page 4

Assembly plant

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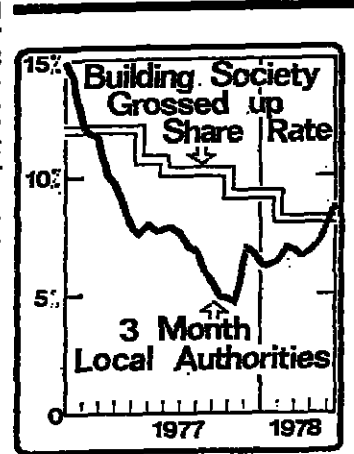
There is reluctance to give official support to the Speke workforce in a confrontation which could provoke another crisis at Leyland.

Labour News, Page 4

## THE LEX COLUMN

## BATs back on the takeover trail

Index rose 6.9 to 481.5



Exploitives were not always being detected in the money market yesterday when a number of discount houses realised they had been outbid for Treasury bills. Those reckoning on a 9 per cent MLR found the bills snatched away by a few rogue houses aiming in the bank corresponding to MLR at 8 1/2 per cent. This unusual development also upset the round figure preferences of the stock market, and both equities and gilt-edged closed below the best as dealers pondered on whether interest rates might still not have reached a steady level.

In fact the difference between 8 1/2 and 9 per cent is neither here nor there. But the gilt-edged market may want to see current yields given a stamp of official approval through the issue of a new short tap before confidence is fully restored.

Equities already look very healthy, with the All-Share Index just 5 per cent short of its all-time peak. But then, May is traditionally a good month for shares.

BAT Industries

The £280m. purchase by BAT Industries of NCR's Appleton Papers division represents the tobacco group's largest ever acquisition in money terms, though in real terms the £200m. Gimblets deal in 1972 was probably bigger. Not only does the Appleton acquisition fit in with the fashionable trend towards foreign purchases of U.S. assets, but for BAT it brings expansion in what has been its most successful area of diversification. While the money poured into retailing has never produced a good return, Wiggins Teape has paid off handsomely in recent years (operating profits reached £53m. in 1976-77) although even in 1976-77 it was a worrying moment in the 1972-75 period.

The statistics are that BAT is taking over Appleton at roughly 15 times its 1977 earnings, and the deal will add rather more than a fifth to the sales of the paper division. The money is being found out of liquid resources in the U.S. and elsewhere (BAT's balance sheet last September showed cash and near-cash of £284m.) though a longer term funding operation is not ruled out later on, depending upon whether more deals come to fruition. At current interest rates, some minor net addition to BAT's earnings is likely.

It looks a satisfactory deal as it stands. But there are stories

of increasing competition in the lucrative U.S. business forms market (Appleton's 18 per cent pre-tax margins are much wider than Wiggins Teape's own). And BAT has to live down its reputation as an indifferent judge of acquisitions: on existing non-tobacco assets of some £160m. operating profits only amounted to £125m. last year.

PLA issue

The news that the Port of London Authority could be heading for bankruptcy sent a shudder through the normally dozy corporation stock market. The price of the 61 per cent Registered Port Stock 1987-90 dropped £23 to £30 where it is yielding over 25 per cent. Nervous investors suddenly had visions of 1970, when the Mersey Docks and Harbour Board defaulted on its debt and was suspended by the Stock Exchange. Could it happen again?

The PLA has been mounting a powerful public relations exercise this week to put its case across to all those who "have its interests at heart". Employees, customers, trade unions and the dockland community are all singled out but there is no mention of the unfortunate holders of the £24m. of outstanding debt.

The senior management of the PLA is confident that it can repay the £4.4m. of 5 1/2 per cent stock due this summer but beyond that it is not committing itself. As the rest of the public stock does not fall due until the 1990s there is no immediate worry on repayment, but there is a possible question mark over interest payments.

The Harbour (Loans) Act of

1972 was passed in an attempt to prevent a repetition of the other financial calamity like the Mersey Docks. As a result the Secretary of State can make loans from the National Loans Fund to prevent defaults on capital debts. But there are strings attached. He may not be convinced that the "financial prospects" of the authority justify a loan. The banks which have put up the £15m. medium term loan have been given a letter of undertaking from the Government. The small investor has no such guarantee.

U.K. shipping crisis

There are now clear signs that some U.K. shipping companies are running into serious financial difficulties, as the world shipping recession deepens. Yesterday, Hunting Gibson reported pre-tax losses of £3.9m. compared with a profit of £3.3m. the year before, and slashed its dividend. Last week, Turnbull Scott, a small tramp shipping company, also reported heavy losses and cut its dividend for an additional year. It is asking its bankers if it can defer its capital repayments until freight rates improve.

In the past U.K. shipping companies have been able to ride out the bad times by selling one or two ships to bolster their liquidity. However, second-hand ship prices have fallen so sharply over the past year that in some cases ships have had to be sold well below book value. Hunting Gibson has revealed its fleet in the light of the "serious and progressive deterioration in the re-sale value of ships since the interim statement, and this has resulted in a net loss of £4.2m. The group has now contracted to sell off roughly half its fleet and expects to be able to pay only a nominal dividend in the current year. The shares slumped 53p to 140p last night.

For the big quoted U.K. shipping companies the situation is not yet too serious, since they are generally cushioned by their profitable cargo liner operations. Even so, the shares of a blue-chip, like P & O, are now selling below par value, and some of the big private shipping companies are clearly facing serious trading difficulties. Bibby Line, for instance, has 0.7m. d.w.t. of its fleet (over half the total) laid up at the moment. If the situation continues for much longer, the Government may have to dig deeper into its pocket than it had anticipated.

## Weather

U.K. TO-DAY

RAINY in E., mostly dry in W. Rather cold.

London, S.E., E. Cent. S. England, E. Anglia, E. Midlands, Channel Isles

Outbreaks of rain, becoming drier from W. Max. 12C (54F).

Wales, W. Midlands, S.W., N.W. England, Isle of Man

Mostly dry, sunny intervals. Max. 12C (54F).

Cent. N., N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. Scotland

Scattered showers. Max. 10C (50F).

Lakes, S.W., N.W. Scotland, Glasgow, Argyll, N. Ireland

Dry, sunny intervals. Max. 10C (50F).

Orkney, Shetland

Scattered showers. Max. 7C (45F).

Outlook: Mostly dry, with sunny intervals.

BUSINESS CENTRES

City	Yday	Mid-day	Yday	Mid-day
Amsterdam	17.76	17.76	17.76	17.76
Antwerp	17.76	17.76	17.76	17.76
Bahia	17.76	17.76	17.76	17.76
Bombay	17.76	17.76	17.76	17.76
Buenos Aires	17.76	17.76	17.76	17.76
Calcutta	17.76	17.76	17.76	17.76
Canton	17.76	17.76	17.76	17.76
Cebu	17.76	17.76	17.76	17.76
Colon	17.76	17.76	17.76	17.76
Hankow	17.76	17.76	17.76	17.76
Hong Kong	17.76	17.76	17.76	17.76
Kobe	17.76	17.76	17.76	17.76
London	17.76	17.76	17.76	17.76
Lyons	17.76	17.76	17.76	17.76
Manila	17.76	17.76	17.76	17.76
Medan	17.76	17.76	17.76	17.76
Osaka	17.76	17.76	17.76	17.76
Paris	17.76	17.76	17.76	17.76
Perth	17.76	17.76	17.76	17.76
Rangoon	17.76	17.76	17.76	17.76
San Francisco	17.76	17.76	17.76	17.76
Singapore	17.76	17.76	17.76	17.76
Sourabaya	17.76	17.76	17.76	17.76
Tokyo	17.76	17.76	17.76	17.76
Yokohama	17.76	17.76	17.76	17.76

HOLIDAY RESORTS

City	Yday	Mid-day	Yday	Mid-day
Algeria	17.76	17.76	17.76	17.76
Algiers	17.76	17.76	17.76	17.76
Bahia	17.76	17.76	17.76	17.76
Bombay	17.76	17.76	17.76	17.76
Buenos Aires	17.76	17.76	17.76	17.76
Calcutta	17.76	17.76	17.76	17.76
Canton	17.76	17.76	17.76	17.76
Cebu	17.76	17.76	17.76	17.76
Colon	17.76	17.76	17.76	17.76
Hankow	17.76	17.76	17.76	17.76
Hong Kong	17.76	17.76	17.76	17.76
Kobe	17.76	17.76	17.76	17.76
London	17.76	17.76	17.76	17.76
Lyons	17.76	17.76	17.76	17.76
Manila	17.76	17.76	17.76	17.76
Medan	17.76	17.76	17.76	17.76
Osaka	17.76	17.76	17.76	17.76
Paris	17.76	17.76	17.76	17.76
Perth	17.76	17.76	17.76	17.76
Rangoon	17.76	17.76	17.76	17.76
San Francisco	17.76	17.76	17.76	17.76
Singapore	17.76	17.76	17.76	17.76
Sourabaya	17.76	17.76	17.76	17.76
Tokyo	17.76	17.76	17.76	17.76
Yokohama	17.76	17.76	17.76	17.76



## The savers' stronghold to protect your clients' interests.

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